

FAST COMPANY

EXCLUSIVE INTERVIEW

INSIDE OBAMA'S STEALTH STARTUP

HOW TOP TECHIES FROM GOOGLE, FACEBOOK, AND AMAZON ARE INFILTRATING THE GOVERNMENT

SHAKE SHACK'S BURGER MANIA

WHY STARBUCKS STILL BELIEVES IN RACE TOGETHER

THE CRAZIEST CEO IN AMERICA



The completely redesigned 2015 Edge is here and ready for almost anything, with available features like a front 180-degree camera, enhanced active park assist and Lane-Keeping System. It's comforting to know you have a few surprises of your own. Go to ford.com to find out more.



THE ALL-NEW 2015 EDGE
BE UNSTOPPABLE

Ford
Go Further



© 2015 AT&T Intellectual Property. All rights reserved. All other marks used herein are the property of their respective owners.



You need more than a data plan. You need a technology partner.

Building your dream requires the right foundation. And the right partner. At AT&T, one of our thousands of small business experts will work with you to find the technology solutions that best fit your needs. Leaving you free to focus on what matters most.

Learn more at att.com/experts



DELAYS CAN CHANGE EVERYTHING.

That's why Penske has truck leasing and logistics solutions to help put business problems behind you. So you can keep moving forward. Visit gopenske.com or call 844-868-0816 to learn more.

PENSKE

Rental | Leasing | Logistics

© 2015 Penske. All Rights Reserved.

Contents



COVER STORY

Obama's stealth startup

A cadre of techies from Google, Facebook, Amazon, and more are leading an audacious tech insurgency inside the White House. Can they upgrade our vision of government?

By Jon Gertner

Page 56

For the people

"If we leverage the best technology teams in the world and we pair them up with some really effective government managers, then we can get a really big payoff," says President Barack Obama.

On the cover and this page: Photograph by Daniel Shea



Our complimentary Business Plan Tool can help you focus on the things that will make your business thrive.

Wells FargoWorks *for Small Business*



Like most small business owners, Carolyn Miye* was so busy running her business that she found it hard to organize ideas for her company's future into a business plan. Using the Business Plan Tool from Wells Fargo, she gained valuable insight to help her focus on what to do next. It's just one of the complimentary resources in the new Business Plan Center. **To learn more, visit WellsFargoWorks.com.**

Together we'll go far



*Wells Fargo rewarded Carolyn Miye $10,000 to help with her marketing plans.

© 2015 Wells Fargo Bank, N.A. All rights reserved. Member FDIC.



FEATURES

Starbucks's wake-up call
68 With its "Race Together" campaign, Starbucks poured itself a giant cup of controversy. So why does CEO Howard Schultz remain committed to difficult issues?
By Austin Carr

The better burger
76 High-end hamburger chain Shake Shack is tapping into a growing hunger for natural ingredients and a high-quality fast-food experience.
By Rob Brunner

The craziest CEO in America
84 How the expletive-laden antics of T-Mobile's John Legere are rattling the staid world of wireless.
By Danielle Sacks

Tweeter-in-chief
CEO John Legere's calculated outbursts have helped T-Mobile recruit millions of new customers.

Photograph by José Mandojana

The 2015 Sprinter Passenger Van

Your dream fits in a Sprinter.



Starting At:

$39,995*

2500 Passenger 144", Low Roof, 4-Cylinder

Businesses of all kinds can lower costs and improve productivity with the 2015 Mercedes-Benz Sprinter. The Sprinter's standard turbo diesel engine delivers up to 18%[1] greater fuel efficiency while newly extended 20,000-mile service intervals[2] can help lower your total cost of ownership. And, to protect your business, new standard Crosswind Assist[3] can keep your vehicle on course in strong winds. Accelerate your business with the commercial vehicle Edmunds calls, "The best full-size van for cargo and passenger purposes." To learn more, visit mbsprinterusa.com.

© 2014 Mercedes-Benz USA, LLC

*Excludes all options, taxes, title, registration, transportation charge and dealer prep fee.Options shown. Not all options are available in the U.S.

1. Fuel savings estimate of up to 18% according to FTP75 testing of engine OM651 (4-Cylinder) versus MY13 OM642 (V6). Individual mileage will vary, based on factors including vehicle load, driving style, road conditions and fuel quality. 2. Driver is responsible for monitoring fluid levels and tire pressure between service visits. 3. Crosswind Assist engages automatically when sensing dangerous wind gusts at highway speeds exceeding 50 mph. Performance is limited by wind severity and available traction, which snow, ice and other conditions can affect. Always drive carefully, consistent with conditions.

Mercedes-Benz

Vans. Born to run.



Front row
"Being really safe has not helped me," says Mika Brzezinski. "It left me in the back of the room—or fired."

DEPARTMENTS

14 From the Editor

Most Creative People
16 Blogger turned editor and actress Tavi Gevinson on expanding her brand.

Most Innovative Companies
18 Updates on Etsy, Whole Foods, and more.

The Recommender
22 Ukraine's hottest designer, chef service on demand, and other great finds from business leaders.

One More Thing
104 If humans are the biggest threat to humanity, why should we fear artificial intelligence?
By Baratunde Thurston

NEXT

The 20 fastest cities in America
27 From Chattanooga to Chicago, a list of innovative urban areas that are pointing the way forward.

Hulu gears up for a comeback
38 The TV-streaming pioneer is signing up big stars and creating original content.

Bringing women to boardrooms
44 30% Club founder Helena Morrissey and her quest for more female corporate leadership.

A second chance
46 MSNBC host Mika Brzezinski overcame a major career setback to become a leading voice for driven women.

Apartments for startups
50 A company called Krash leads the co-living movement, where entrepreneurship meets group housing.

Photograph by ioulex

HITACHI
Inspire the Next

"ARE THERE REAL SUPERHEROES TO KEEP OUR CITIES SAFE?"

Maybe someday. But with our cities becoming so populated and complex, we're going to need other ways to answer their security needs. That's why, at Hitachi, we've developed some super smart solutions that address both the physical and cyber sides of the issue. For instance, to keep public facilities like schools and bus stations safe, we already have advanced monitoring and disaster response support systems. We also have innovative data protection systems to detect and prevent cyberattacks and keep the personal information on your computer personal. And those are just a few of the ways we're helping keep cities safe, until the real superheroes appear. Hitachi Social Innovation.

social-innovation.hitachi.com

SOCIAL INNOVATION
IT'S OUR FUTURE







Hail to the geek!

Obama's Mod Squad
From left: Todd Park, Haley Van Dyck, Mikey Dickerson, and Hillary Hartley

"I love Todd Park," President Barack Obama told me. "What we're doing in large part is thanks to him . . . and folks like Mikey. It's been remarkable."

We had just sat down to talk about a new tech startup embedded in the federal government, and the president was wasting no time getting to the point. Which made sense, given that his time in the White House is rapidly ticking away. If he wants this startup to be "transformative," as he put it, he's got less than two years to make it happen.

Park, Obama's second CTO and now an adviser—prior to that he was a successful health-tech entrepreneur—initially talked about this stealth startup with me last March, when he stopped by the Fast Company Grill at SXSW in Austin. He brought along Mikey Dickerson, head of something called the U.S. Digital Service, and Megan Smith, Obama's current CTO, both of whom are former Googlers. We sat together for an hour as they tried to explain their sprawling, diffuse initiative which didn't even have a name.

Fast Company hasn't written much about the government, mostly because it hasn't often been the engine of change in recent years, certainly not the way Silicon Valley has been. But after writer Jon Gertner interviewed dozens of digital insurgents in D.C., and after we both sat down with the president—the CEO of this venture—it became clear that a high-risk, ambitious, audacious effort was under way. Could a cadre of techies "yank government, upgrade it," as the president put it to us, and in the process upgrade the reputation of government itself? As Gertner reports in **"Obama and His Geeks,"** beginning on page 56, seeds of positive change are already sprouting.

This startup within the White House would not exist if President Obama had hewed strictly to how history has defined the institution he inhabits. Similarly, Starbucks CEO Howard Schultz has never been restrained by conventional wisdom about what a company can accomplish in the world, using his pulpit to tackle such issues as health care, jobs, and, most controversially, race. Starbucks endured a barrage of criticism for its Race Together initiative earlier this year, and yet Schultz, who instigated the campaign, is unbowed. In **"Wake-Up Call,"** beginning on page 68, senior writer Austin Carr joins the CEO as he speaks with employees and the public about race in America and explores what role a company should play in society. The coup de grace: Despite all the negative press and social media, Race Together has strengthened Starbucks's credibility with key constituents, most notably its employees. "You can't attract and retain great people if your sole purpose is to make money," Schultz tells Carr.

Both of these efforts are marked by defiance against the status quo. It is a theme echoed by the unlikely ascendance of T-Mobile under CEO John Legere (**"Who the @!#$ Is This Guy?"** page 84), who has used emotion and expletives to animate employees, customers, and investors; and Shake Shack CEO Randy Garutti (**"America Shacks Up,"** page 76), who walked away from an enviable job atop the fine-dining business to turn a lone New York kiosk into a fast-food revolution.

Defiance often carries negative connotations in our culture, but when paired with empathy and vision, it can also be an essential ingredient to transformative success. Obama's tech foray may be criticized as too little, too late, given his campaign promises. But if our government can iterate at the speed of Silicon Valley, it could prove among the most lasting pieces of the president's legacy.



Robert Safian
editor@fastcompany.com

Celine Grouard (Safian)

Photograph by Daniel Shea

INTRODUCING THE NEW

FAST COMPANY APP FOR IPHONE AND IPAD



A highly curated way to view content from our websites and magazine in one elegant experience.
Download it now at **fastcompany.com/iOSapp**

Download on the App Store

BUILT WITH Adobe

A rookie moves up to the big eagues



TAVI GEVINSON

Then
FASHION BLOGGER

Now
ACTOR, EDITOR-IN-CHIEF OF *ROOKIE* MAGAZINE

When she appeared in *Fast Company*'s 2010 Most Creative People issue, Tavi Gevinson was a 14-year-old student writing a world-famous fashion blog, *Style Rookie,* from her home in the Chicago suburbs. With a wise-beyond-her-years voice and unique take on the industry, Gevinson drew some 54,000 daily readers, including Anna Wintour and Karl Lagerfeld.

Since then, Gevinson has expanded the blog into an influential online magazine that's written by and for teenage girls. Called *Rookie,* it employs five full-time staff members, has produced three print "yearbooks," and is attracting a passionate fan base. "I can't control how many people read *Rookie,*" she says. "I would rather just put out stuff that I think is good and hope other people think is good. Unless you like what you've made, no amount of praise is going to mean anything."

Now living in New York (she graduated from high school last year), Gevinson has also found success as an actress, starring in Kenneth Lonergan's hit Broadway play *This Is Our Youth* alongside Michael Cera and landing a part in the upcoming film *Goldbricks in Bloom*. But she's still mostly focused on *Rookie*—and on enjoying her success. "I'm trying to feel like I can relax and accept a slower pace," she says. "A [job] you love doesn't come along that often, so I'm comfortable with the idea of slowing down."

WHO WOULD BE ON HER MCP LIST "The girls who started [the diversity-promoting media agency] Browntourage, because they have full-time jobs and still make this website and organization in their free time. They've created a space where it can go beyond just having a conversation on social media." **BEST DEVELOPMENT SINCE 2010** "I like how many more teenagers are using Twitter to find each other, critique pop culture, and support one another. It's important for teenagers to create their own communities." **WORST DEVELOPMENT** "The Apple Watch seems dumb, but I don't know what I'm talking about and that should be noted." **ADVICE SHE WOULD GIVE HERSELF IF SHE COULD GO BACK TO 2010** "Be easy on yourself."

HOW SHE STAYS PRODUCTIVE

"The moment I let myself get overwhelmed, it all becomes more stressful. It helps to ask, 'What's the worst thing that happens if I don't answer this email?' "

"I have a schedule. I go, 'It's 7 p.m.—I did everything I could today.' You need a life separate from work."

Nick Hudson

ARE YOU SHIPPING LIGHT BUT PAYING HEAVY?

Recently some major shipping companies have changed the way they calculate the cost of domestic ground shipments. For some packages, the size of the box and not just the weight is a factor in pricing — so even lightweight items like pillows could cost you more to ship.

Don't get boxed in™. To see if you can ship light for less, visit **usps.com/choiceisyours**



UNITED STATES POSTAL SERVICE®

PRIORITY:YOU™

usps.com/choiceisyours

Privacy Notice: For information regarding our privacy policies, visit www.usps.com/privacypolicy.
©2015 United States Postal Service®. All Rights Reserved. The Eagle Logo is among the many trademarks of the U.S. Postal Service®.

DWQ-COMP-C-FASTCO



Board approved
AHeirloom, which makes custom cutting boards, is one of the 1.4 million sellers that helped take New York–based Etsy public.

A crafty IPO

ETSY

Ten years after its founding, the online marketplace for handmade goods went public in April. Etsy's IPO represents much more than a cash prize, though: It brings validation to New York's tech-startup scene, where IPOs are scarce (and where the last significant financial success was Yahoo's $1.1 billion acquisition of N.Y.C.–based Tumblr in 2013). Because Etsy is a B Corporation—a company that follows social-good guidelines established by the not-for-profit B Lab—the public offering could also potentially fuel more interest among investors toward socially conscious companies. (Etsy offers employees paid time for volunteering, for example.) "Etsy's strength as a business and community comes from its uniqueness in the world, and we intend to preserve it," CEO Chad Dickerson said in a blog post the day of the IPO. "We don't believe that people and profit are mutually exclusive."

Milestones Revenue growth remains strong: 44% in its first quarter and 56% last year. Of the more than 1,000 existing B Corporations, Etsy is only the second to go public. (The first was Boulder, Colorado–based Rally Software in 2013.)

Challenges Investors worried about a bubble do not look kindly on unprofitable tech companies, as Etsy's $36.6 million loss in its first quarter proved (its stock lost 20% of its value in a day); merchants are worried that the company will improve margins by taking a higher commission.

Buzz ⟷

"Etsy has become a touch point of debate for whether the human-centered craftsmanship we support is compatible with being a public company."
Chad Dickerson
CEO, Etsy, via the company's blog

COCA-COLA

Milestones Coca-Cola made waves last spring by serving Coke Zero from the first drinkable billboard ad.

Challenges The company lost its 28-year NBA sponsorship to Pepsi in April, adding urgency to an austerity plan that included more than 1,500 job cuts.

Buzz ↓

DROGA5



"We want iconic stuff to work on, but we think you can be nice and do that too."
Susie Nam (above)
General manager and head of accounts, Droga5

Milestones Over the past year, ad agency Droga5 has landed big accounts like Toyota and upped its staff by 150. Its stirring gender-equality campaign "Not Here," created for the Clinton Foundation, went viral.

Challenges Yogurt giant and longtime Droga5 client Chobani announced in March that it's moving marketing efforts in-house.

Buzz ↑

WHOLE FOODS

Milestones In May, the company announced a chain of stores for budget-conscious millennials.

Challenges Recent price-lowering efforts might not fend off Kroger and Walmart, which have launched cheap organic lines of their own.

Buzz ⟷

BLOOMBERG PHILANTHROPIES

"Once we get people to realize they really can protect themselves, then you get a lot more buy-in from the population."
Dr. Kelly Henning
Head of public health programs, Bloomberg Philanthropies

Milestones The former New York City mayor's not-for-profit announced in January that it would invest an additional $125 million in the Global Safety Initiative, giving aid to 10 cities around the world—including Shanghai and Addis Ababa, Ethiopia—to build more pedestrian-friendly roadways and run media campaigns to raise awareness about preventing accidents.

Challenges Citizens in impoverished areas often view traffic accidents, which kill an estimated 1.24 million people per year, as unpreventable "acts of God."

Buzz ↑



iROBOT

Milestones Buoyed by a new line of telepresence robots—including the Ava 500, which currently roams the offices of AT&T—iRobot's Q1 revenue and earnings beat expectations. According to FCC documents, a robotic lawn mower is in development.

Challenges Radio astronomers have already rallied against the lawn mower, claiming that the radio-frequency fence it uses to keep from wandering away interferes with tools the scientists use to track the birth of stars.

Buzz ⟷

Alyssa Kirsten (AHeirloom)



RMB. CHANGE HOW YOU DO BUSINESS IN A SINGLE MOVE.

You can only expand your reach into China as far as your cash flow and connections will allow you. That's why so many international companies are starting to trade in Renminbi (RMB), China's global trade currency. It offers meaningful financial benefits like lower costs and faster processing time for trade and cash management worldwide, and the potential to reduce foreign exchange risks.

Trading in RMB can also open new opportunities for trade with new suppliers. As the leading foreign bank in mainland China, HSBC is uniquely positioned to help your company adopt the RMB. Our 150 years of experience enables us to become the first international bank to underwrite RMB government bonds and offer RMB accounts. Even if you've never traded in RMB before, we can show you all the right moves.

Learn how changing to RMB can change the game for your company

Visit globalconnections.hsbc.com

HSBC

United States persons (including entities) are subject to U.S. taxation on their worldwide income and may be subject to tax and other filing obligations with respect to their U.S. and non-U.S. accounts. U.S. persons and entities should consult a tax advisor for more information. Trade and supply chain transactions may be subject to credit approval. Other restrictions, including specific country regulations may apply. Foreign currency exchange rates may apply to certain trade transactions. HSBC Bank USA, N.A. Member FDIC, Equal Credit Opportunity Lender. Copyright 2015 ALL RIGHTS RESERVED.

ANNOUNCING THE

FAST COMPANY

INNOVATION FESTIVAL

WEEK OF **NOVEMBER 9**

NEW YORK CITY

FOR MORE INFORMATION, VISIT:

FASTCOMPANY.COM/EVENTS

The Recommender



"French and Italian cuisine have such a stranglehold on the restaurant imagination. I break through by visiting **Kalustyans**, an Indian spice store. Cans of huitlacoche, a million sacks of dal … ideas go off in my brain like fireworks."

Amanda Cohen
Owner and chef, Dirt Candy, a New York–based restaurant



"My best childhood memories are from the **Oakland A's** Coliseum and watching the Bash Brothers. You will find me there every weekend."

Joel Flory
Cofounder and CEO, VSCO



"I've fallen for **Vice**'s HBO specials. You don't get to see raw, well-reported footage of difficult situations anymore."

Mark Ramadan
Cofounder, Sir Kensington's, and *Fast Company* MCP



"I recently came across **Vita Kin**, a Ukrainian fashion designer, on Instagram. Her embroidered and tasseled dresses have a fantasy-folklore feel. I want one in every color!"

Christene Barberich
Cofounder and editor-in-chief, Refinery29



APPS THAT MAKE IT A LITTLE EASIER

1

TO GET THE GOODS

"**Postmates** is most known for food delivery, but I use it for random items like batteries when I don't have time to pick up essentials."

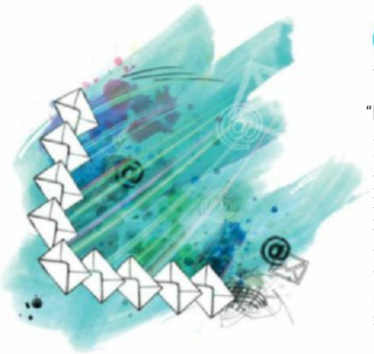
Meredith Perry
Founder, uBeam

2

TO CLEAR CLUTTER

"Turns out I need to scan a lot of stuff. **Scannable**, Evernote's new stand-alone app, finds the document's edges automatically and pushes the scans to all of my devices."

Noah Brier
Cofounder, Percolate



3

TO MASTER EMAIL

"**Boomerang** has saved my life. It's a Gmail plug-in that pops emails back into my inbox if I haven't received a response, so I don't need to keep a long follow-up list."

Mark Ramadan
Sir Kensington's

Illustrations by Scott Chambers; Ben Margot/AP/Corbis (source image, A's); Vice Productions/HBO (Vice)

seagate.com/data

SPACE TO AMAZE

Seagate harnesses the power of data to help solve the world's toughest challenges.

Storage Products ■ Data Services ■ Cloud Solutions



SEAGATE



"**F.lux** is incredible. It's a desktop app that emulates natural light. I turn it on before bed, and I fall asleep much faster now."

Sahil Lavingia
Founder and CEO, Gumroad



"I host dinner parties, and **Kitchensurfing**, an on-demand chef service, removes the hassle. It's cheaper (and healthier) than going out, and the chefs stir me to expand my culinary horizons."

Anjali Sud
Head of global marketing, Vimeo



"The first day I joined **Jukely**, a concert-discovery service, my wife and I saw Florence and the Machine. It's like my friend who knows about all the local shows and can get us in cheaply at the last minute."

Steven Rechtschaffner
VP of product experience, Jawbone

BOOKS THAT FEED THE MIND

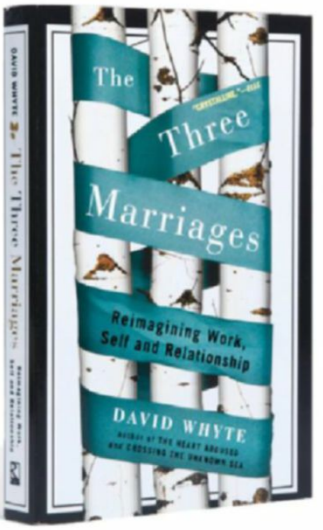
1

The Three Marriages

BY DAVID WHYTE

"Beautiful and thought-provoking. It argues that we should stop thinking in terms of work-life balance. I haven't marked so many pages in a long time."

Shane Parrish
Founder, *Farnam Street Blog*





2

The Creative Habit

BY TWYLA THARP

"This book inspires new processes to get the most of my creativity. My wife read it to me for weeks, but I wanted my own copy."

Steven Rechtschaffner
Jawbone

3

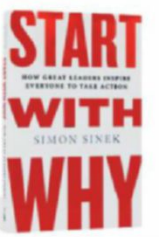
The Flavor Bible

BY KAREN PAGE AND ANDREW DORNENBURG

"When I'm lost with a dish, it gives me a starting point."

Amanda Cohen
Dirt Candy





4

Start With Why

BY SIMON SINEK

"It changed my outlook on the intersection of brands and people (note: I didn't say products and consumers)."

Scott Tannen
Founder and CEO, Boll & Branch

Illustration by Scott Chambers; Paul A. Hebert/Press Line Photos/Corbis (Florence); Jack Mitchell/Getty Images (Tharp)



Vegas means business.

With world-class meeting facilities, an extensive range of hotel rooms, and a city unrivaled in event and convention experience, here, business as usual is better than usual. In fact, **88 percent of executives agree that having events in Las Vegas makes their job easier**. Find out all the reasons why so many FORTUNE 500® companies choose Las Vegas.

LAS Vegas

VegasMeansBusiness.com

FORTUNE 500® is a registered trademark of Time Inc. Used with permission.

THE NEWEST THING IN BATTERIES
ISN'T 100% NEW.

Introducing *Energizer*® EcoAdvanced™



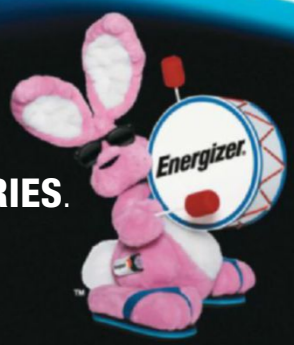
™



Our longest-lasting alkaline ever is also the
WORLD'S FIRST AA battery made with **4% RECYCLED BATTERIES**.

that's positive energy™

energizer.com/ecoadvanced



© 2015 Energizer
Energizer, Energizer Bunny design, EcoAdvanced, card and label graphics and other marks are trademarks of Energizer.

Tomorrowland, U.S.A.

A city-by-city look at the people and ideas shaping our urban future.

Illustrations by Hylton Warburton



NEXT

Our collective future lies in cities—that much, at least, seems clear. According to UN estimates, 68% of the world's population will live in metropolitan areas by 2050, and in the U.S., more than 80% of us are already city dwellers. To get a sense of where life is headed, *Fast Company* scouted 20 of the most exciting ideas being implemented in cities around the country, including Louisville, Kentucky's approach to urban agriculture, Denver's aggressive rethinking of its transit system, and Portland, Oregon's emphasis on sustainable design. Taken together, these initiatives paint a picture of tomorrow. What can your hometown do to get there? Read on to find out.

1. Commit to social equality

SEATTLE

This year, Seattle has passed provisions to offer both male and female city employees paid family leave, approved a subsidized bus pass for those making less than double the poverty level, and started prioritizing applicants from distressed areas when hiring for city construction projects. In April, the city's minimum wage went up to $10 an hour, on its way to $15 by 2022.



2. Harness tech to fuel a turnaround

BOSTON

To rejuvenate its decaying Seaport area, Boston committed in 2010 to create a 1,000-acre "innovation district." Now the neighborhood is home to more than 200 companies, and its offices, coworking hubs, and community center have attracted a population of tech workers to rival that around MIT in nearby Cambridge. Public transit improvements are on the way, and last fall, Mayor Martin Walsh formed a committee to help build similar districts elsewhere in the city.



3. Bridge the economic divide

WASHINGTON, D.C.

Washington, D.C.'s Anacostia area—long plagued by poverty and crime—is cut off from the rest of the city by a river and a major freeway. But that's now changing: The once-busy 11th Street Bridge is being transformed into a public park, providing a pedestrian conduit between the neighborhood and Capitol Hill, along with much-needed green space. And while independent groups have tried periodically to clean up the highly polluted Anacostia River, the city finally released a plan last year that would make the river swimmable by 2032.

4. Plan to save water

LOS ANGELES

Los Angeles has been aggressively pursuing new methods of water conservation since well before the current drought crisis. The Department of Water and Power is working on an ambitious plan to purify recycled wastewater and pump it underground, refreshing the groundwater supply at a rate of more than 4 billion gallons per year by 2022. Mayor Eric Garcetti has also called on citizens to help conserve. **"All of us need to reduce our water usage by 20%," Garcetti says. "It's pretty easy to do—much easier than you'd think."** In April he released a plan to cut water imports by an ambitious 50% over the next 10 years.



5. Create a food oasis

LOUISVILLE, KENTUCKY

The USDA has branded the west side of Louisville, Kentucky, a "food desert." Next year, Seed Capital Kentucky, a not-for-profit focused on supporting regional agriculture, will change that, breaking ground on a $20 million, 24-acre facility called the FoodPort. Here's what will happen inside:

WHOLESALING The facility's proximity to Interstate 264 makes it a prime distribution venue. Local farmers will drop off crops, which will be packaged and sent out to restaurants and other buyers. A farmers' market will sell fruits and veggies grown on site.

INNOVATION Local food startups will be among the anchor tenants of the FoodPort's commercial spaces, and there will also be room for fledgling entrepreneurs to test out their products. Advisers on staff will be available to help them build their ideas into businesses.

RECYCLING Edible leftovers from the vendors will go to local food charities. Everything else will be run through an anaerobic digester that turns organic material into fertilizer and clean, renewable natural gas, which will then be pumped into the public gas supply.

Portrait illustrations by Elsa Jenna

SIEMENS



© Siemens AG, 2015. All Rights Reserved.

Farming wind in Iowa and powering America's future.

Siemens is helping wind power become a significant part of the U.S. energy mix.

The energy landscape is changing. Siemens is committed to advancing America as a leader in wind energy. In a massive undertaking, Siemens is partnering with local energy providers to expand the scope of wind power in Iowa by adding hundreds of new wind turbines. Once completed, the additional turbines will make up a substantial part of the region's energy mix—capable of powering over 320,000 homes.

Economic opportunities are also blowing in. The growth in wind energy helps support hundreds of manufacturing, construction, and maintenance jobs, bringing prosperity to communities across Iowa—and across America. A new era in American energy has arrived.

Somewhere in America, Siemens is building answers that will make a difference in our lives.

siemens.com/windinamerica

6. Build urban green zones

PORTLAND, OREGON

In 2010, Portland, Oregon, launched a plan to turn five neighborhoods into "EcoDistricts" where emissions, energy use, and waste will one day approach net zero. The South Waterfront, a former industrial zone, was chosen as a pilot; five years in, it's full of promising projects, such as:

WILDLIFE RESTORATION
A 100-foot-wide greenway running alongside the Willamette River includes a refuge for young salmon and provides a nesting ground for migratory birds, including the osprey that have made the South Waterfront their home.

SOLAR ENERGY
A 6,000-square-foot wall, which spans two floors of the Oregon Health & Science University Center for Health & Healing, is covered with sunshades that double as photovoltaic panels, preventing the release of 97 metric tons of CO_2 each year.

EFFICIENT TRANSPORTATION
An aerial tram takes commuters to and from the waterfront, and the 1,720-foot-long Tilikum Crossing, America's longest carless bridge, carries light-rail trains, buses, bicyclists, and pedestrians to the rest of the city.

7. Change the face of local government

PITTSBURGH

When Bill Peduto became Pittsburgh's mayor in 2014, one priority was to make his administration as diverse as possible. He partnered with the Pittsburgh Foundation and the University of Pittsburgh's Institute of Politics to launch Talent City, a platform for recruiting and evaluating candidates for city positions from far outside the typical talent pool. Of the 45 people hired via Talent City—who include police chief Cameron McLay—55% are women, and more than a quarter are black. **"We needed a much better system [for hiring] than the old political-machine system of bringing in the staff of the campaign and friends and political donors,"** Peduto told *Fast Company* earlier this year.





8. Make people a priority

NEW YORK

High-tech skyscrapers are rising all over town, but New York's most notable progress is far less conspicuous. An initiative to reduce traffic deaths—which involves redesigned intersections, PSAs, and a reduction of the citywide speed limit to 25 mph—brought down pedestrian fatalities to a record low of 138 in 2014. There's also a plan to turn 7,000 obsolete pay phones into public Wi-Fi kiosks. And last spring, Mayor Bill de Blasio announced the Tech Talent Pipeline, a program to connect students at the City University of New York with jobs in Silicon Alley.

9. Grow new business

OAKLAND, CALIFORNIA



The Brooklyn to San Francisco's Manhattan has become a hub for green businesses like Sungevity, one of the top solar providers in the country, and Lucid, whose energy-monitoring software has been used by the likes of Disney and Google. Tech startups are popping up as well, lured by low rents and abundant space. The city has recently taken steps to make itself more livable, including a zoning change to make it easier to turn vacant lots into urban farms.

10. Cultivate young talent

CINCINNATI

The Cincinnati Center City Development Corporation has built 347 condos, 176 rental units, almost 375,000 square feet of commercial space, and a new public park in its depressed Over-the-Rhine area since 2004. To help young people prepare for their careers, Cincinnati Public Schools has created partnerships like the Business Education Connectivity Council, which will run a mentorship program for high schoolers beginning this fall.

Lori Eanes (Oakland)



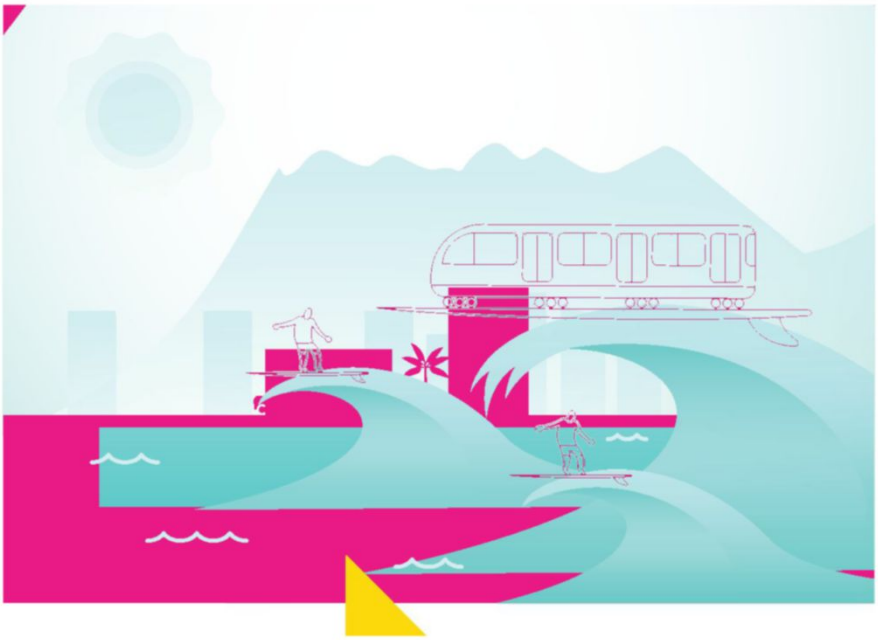
©2015 General Motors. All rights reserved. The marks appearing in this ad are the trademarks or service marks of GM, its subsidiaries, affiliates or licensors.

11. Get transit on the right track

DENVER

Denver is in the midst of a major transit expansion, which will give the city one of the most advanced networks in the country. The changes are the result of a referendum passed in 2004 to fund the creation of 122 miles of new and expanded rail lines, as well as a renovation of Denver's historic Union Station and a rapid-transit bus system called the Flatiron Flyer to provide quick and easy transit to nearby Boulder. **"The transformative power of transit is undeniable,"** says Mayor Michael Hancock. The city is also coordinating with developers to build in areas that will be served by the expanded system, with more than 18,400 housing units and 4 million square feet of retail space built so far. By 2018, travel times to downtown are projected to have decreased by as much as 38%.





12. Solve traffic congestion

HONOLULU

Honolulu has the worst traffic in the U.S., ahead of even Los Angeles. So in 2011, the Federal Transit Administration approved an eight-year, $5.2 billion plan for a 20-mile elevated rail line that, when it's completed, will be America's first entirely driverless transit system. The train will provide a link between downtown Honolulu and the suburb of Kapolei, passing through four university campuses, the airport, and Aloha Stadium, a big concert and sports venue. Expected to be both safer and more efficient than conventional trains, it is projected to eliminate 40,000 car trips per day.

13. Make old buildings new

BUFFALO

An influx of young college graduates, lured by cheap real estate and Rust Belt charm, have revitalized many of Buffalo's industrial relics. Buffalo RiverWorks, for example, is a former grain elevator that's been transformed into a 60,000-plus-square-foot recreation center with two ice rinks, a 6,000-seat theater, three bars, and a restaurant. A new plant for renewable-energy company SolarCity, being built on the site of a former steel manufacturer, will add much-needed jobs when it opens in 2016.



15. Bet big on infrastructure

LAS VEGAS

One of greater Las Vegas's busiest streets, Flamingo Road, is getting a $40.3 million overhaul that will include new bus stops, better crosswalks, and more traffic signals. Last year, the regional transportation commission began studying how to expand public transit on the Strip, and in March, officials vowed to put more than $90 million toward improving pedestrian safety.

Sylvain Sonnet/Getty Images (Las Vegas)

14. Crowdsource urban renewal

DETROIT

Detroit is home to nearly 80,000 derelict and vulnerable structures, and the Detroit Blight Removal Task Force has been created to eliminate them. Convened after the city declared bankruptcy in 2013, the group is leveraging technology—and the power of engaged citizens—to get the job done.

BUILD A MAP

Two local tech companies built a database of every property in the city, combining existing data sets with material gleaned from a citywide survey to create a repository for information on nearly 375,000 properties.

GET FEEDBACK

Citizens help update and refine the database via the Motor City Mapping app. Users snap a photo of a blighted property, record the building's location, and upload the data. A quality-control team reviews the information before adding it to the database.

TARGET SMARTLY

The task force now uses the info to identify cleanup projects that will affect the greatest number of people and help the city prioritize its demolition efforts. Since early last year, the city has demolished more than 4,000 blighted structures.


One great talk
can change a life...
and the course of your company's future.
That's why selecting the perfect speakers
for your events is serious business.
We're not a "big box" agency.
Intentionally boutique, providing intimate
service while helping you create powerful,
life-changing experiences.
Nancy Vogl
SPEAKERS BUREAU
a Boutique Bureau by the Bay..
with Brilliant Ideas!
Learn more at
NancyVoglSpeakers.com
231.421.1012
Expertly connecting thought leaders, professional
speakers, notable presenters, and A-list celebrities
to audiences since 1990.*
* Happily serving clients from one of the prettiest places on the planet!

16. House the homeless

SALT LAKE CITY

Utah's chronically homeless population fell by 34% from 2010 to 2014 (compared to 21% in the U.S. overall), with the majority of that progress centered in Salt Lake City. Here's what the city has offered to improve what has seemed to be an intractable situation.

HOUSING Most cities prioritize temporary shelters over long-term housing. Salt Lake City has adopted a different strategy, placing chronically homeless people in one of 950 federally subsidized apartments, for which they pay a nominal rent of, at most, 30% of their income per month.

HELP Caseworkers meet with residents of the apartments, helping address underlying problems by referring them to medical care, psychiatric counseling, financial planning, and other services.

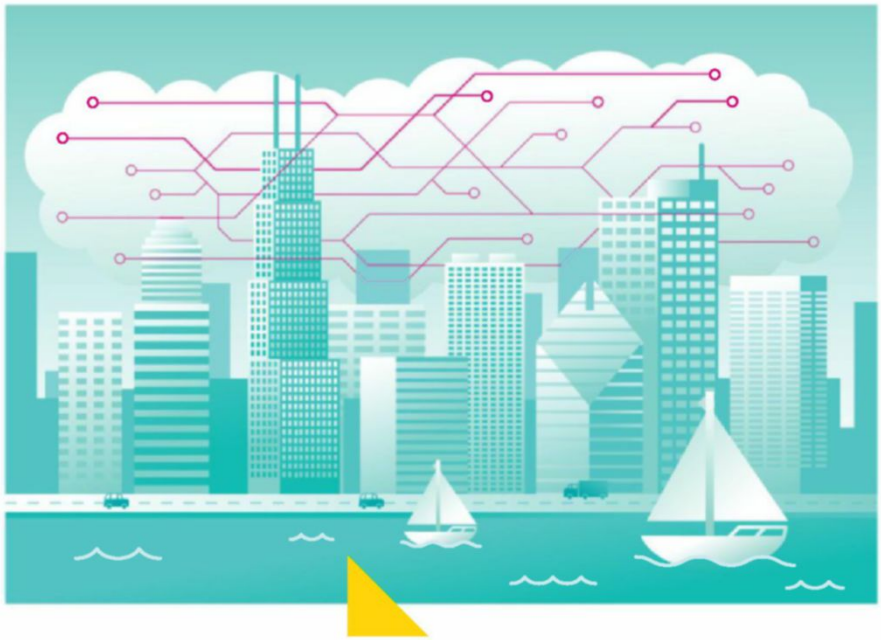
WORK The state helps the now formerly homeless find employment, even if it's a job that offers only a few hours of work per month. The approach leads to better results for the homeless, and saves Utah money on emergency services, as well.

17. Invest in the future

HOUSTON

Since the Great Recession, Houston has added jobs faster than any other large American city, and it saw its population of young college graduates grow more quickly between 2000 and 2012 than any other major metropolis. That abundance has led to projects aimed at making the city even more vibrant, including a $242 million proposal to convert the unused Astrodome into an indoor park and a $450 million expansion of the Museum of Fine Arts into a cultural campus designed by architect Steven Holl. **"We're trying to build a city that is innovative, exciting, entrepreneurial, and sustainable,"** says Mayor Annise Parker. Under Parker, Houston, long a bastion of the oil and gas industry, has also become a green leader, getting 50% of its energy from renewable sources.





18. Detect trouble through data

CHICAGO

In 2013, Chicago won a grant from Bloomberg Philanthropies to develop data-driven tools for cities. Its first product is WindyGrid, a dashboard for public-safety information for city personnel, including 911 calls and tweets about potholes. The city also now uses 311 data to predict and address problems before they occur. It also partnered with Code for America to develop a 311 tracker, through which citizens can check on their service requests. Work is ongoing on a "Data Dictionary" portal, designed to make the city's public information easily searchable.

19. Connect more quickly

CHATTANOOGA, TENNESSEE



Built in 2009 with the help of a $111 million federal grant, Chattanooga's gigabyte-per-second, mega-high-speed Internet network has been a major driver of local startup activity—and its effects are poised to spread to the entire region. In February, the FCC approved the Chattanooga Electric Power Board's petition to sell superfast Internet service to surrounding towns.

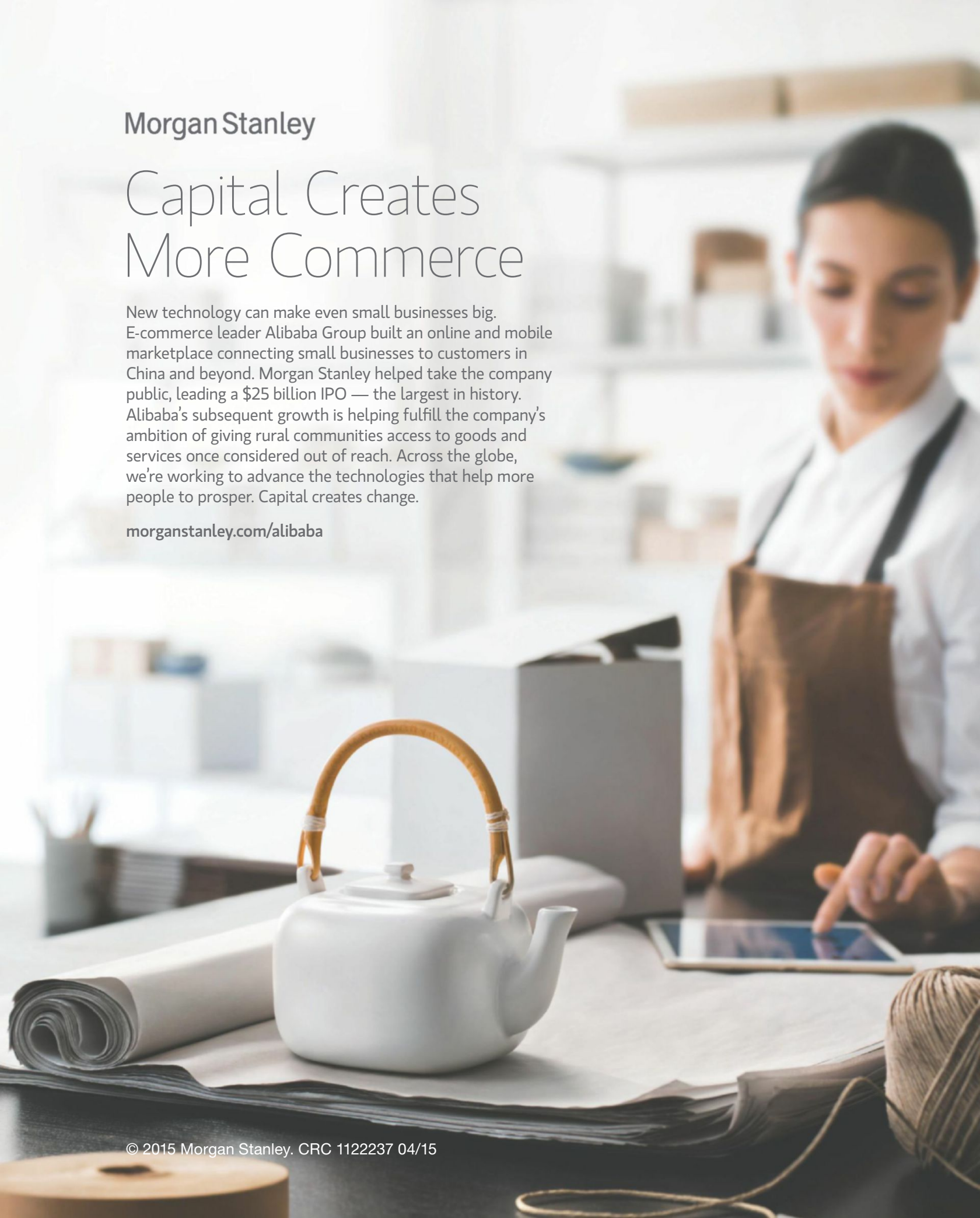
20. Revive dead spaces

ORLANDO, FLORIDA

Once a shopping mall, Orlando's Church Street Exchange had been a vacant eyesore for over a decade. In 2014, developers converted its central plaza into office, coworking, and event spaces for 80 fledgling tech companies. Now business tenants can commute there via the city's newly opened rail system, which has a station just one block away.

CONTRIBUTORS: RYAN BRADLEY, SHAUNACY FERRO, REBECCA GREENFIELD, CORINNE IOZZIO, HANNA BROOKS OLSEN, NIKITA RICHARDSON, LAUREN SCHWARTZBERG, MIRIAM TAYLOR

Richard Cummins/Robert Harding World Imagery/Corbis (Chattanooga)



Morgan Stanley

Capital Creates More Commerce

New technology can make even small businesses big. E-commerce leader Alibaba Group built an online and mobile marketplace connecting small businesses to customers in China and beyond. Morgan Stanley helped take the company public, leading a $25 billion IPO — the largest in history. Alibaba's subsequent growth is helping fulfill the company's ambition of giving rural communities access to goods and services once considered out of reach. Across the globe, we're working to advance the technologies that help more people to prosper. Capital creates change.

morganstanley.com/alibaba

© 2015 Morgan Stanley. CRC 1122237 04/15

A WHOLE NEW BALL GAME

Founded in 1869, America's favorite pastime has largely remained unchanged. The fan experience, however, is evolving at warp speed.

Aramark—a global leader in food, facilities, and uniform services—brings a modern twist to the ballpark experience. With technology and data-driven insights, Aramark stays ahead of evolving trends and delivers the flavors, merchandise, and enhanced experiences fans around the country are seeking.



>> FAN-FARE

60% OF U.S. CONSUMERS PURCHASE SPECIALTY FOOD, AND THOSE NUMBERS ARE EXPECTED TO RISE IN 2015[1]

ARAMARK ANSWERS:

Aramark uses fan feedback to offer new culinary creations including gourmet, local, vegetarian, and gluten-free fare, and partners

WITH OVER **20** CELEBRITY CHEFS

>> TOUCH 'EM ALL

73.7 MILLION

PEOPLE BOUGHT CLOTHING WITH LOGOS OF MAJOR LEAGUE BASEBALL (MLB) TEAMS IN 2014[2]

ARAMARK ANSWERS:

An increasing number of fans means more demand for variety. However, thanks to Aramark's unique stadium shops, all different tastes and preferences are satisfied due to more than

15,000 UNIQUE PRODUCTS AVAILABLE



>> TOP OF THEIR GAME

OVER **83%**

OF COMPANIES THAT DESCRIBE THEMSELVES AS "SUCCESSFUL" ACTIVELY MEASURE CUSTOMER SATISFACTION[3]

ARAMARK ANSWERS:

By leveraging customer feedback, Aramark was able to make improvements in food and beverage experience to increase overall fan satisfaction over the prior year

BY **9%** ACROSS THE BOARD

>> A SAVING STRATEGY

ABOUT

$1 trillion

OF ALL FOOD PRODUCT WORLDWIDE GETS LOST OR WASTED[4]

ARAMARK ANSWERS:

By following Aramark's food-management process, stadiums are making better purchasing and cooking projections. The result: Aramark is able to reliably meet demand and

REDUCE FOOD WASTE BY **10%**



Please note that the statistics mentioned in the advertorial are derived from all of Aramark's professional sports venues, not just major-league ballparks.
Sources: 1. Association Research; 2. MLB.com; 3. Survey Monkey; 4. Report from United Nations Environment Program (UNEP) and the World Resources Institute

ILLUSTRATION COMPLIMENTS OF HOK



KEEPING FANS AND SEATS FULL.

Imagine a stadium experience designed to meet the individual tastes and preferences of the fans that fill the seats. If we can dream it, we can do it. We study evolving trends and gather feedback to deliver the merchandise and menus your fans want, creating an experience that can't be found anywhere else. Whether we're working with stadiums, universities, businesses or hospitals, innovative customer service is the essence of what we do.

WE DREAM. WE DO.

FOOD • FACILITIES • UNIFORMS

Learn more at **www.aramark.com**

© 2015 Aramark. All rights reserved.

aramark™



Content providers
Hulu's Lisa Holme (left) and Beatrice Springborn are recharging the company's programming.

Full stream ahead

Inside Hulu's bold effort to reinvent itself via *Seinfeld*, Mindy Kaling, and a host of buzzy original shows.

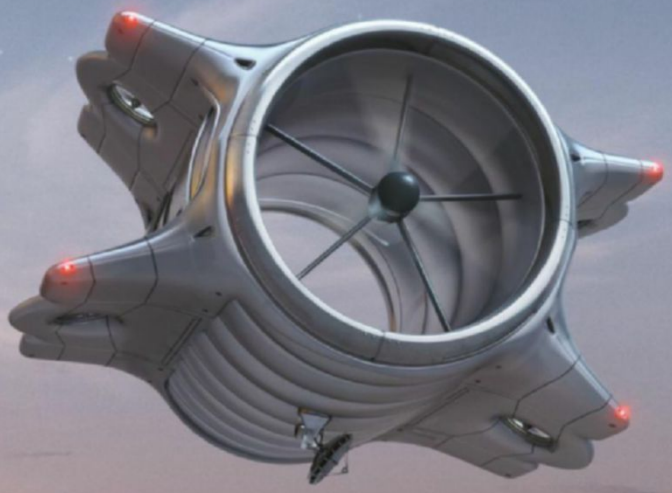
BY BRUCE FRETTS
Photograph by Dan Monick

On April 29, Jerry Seinfeld took the stage at New York City's Hammerstein Ballroom to help TV-streaming service Hulu introduce its new programming to potential advertisers. He was there to make a significant announcement: Hulu had acquired the entire nine-season run of *Seinfeld* in a deal estimated to be worth $180 million. After breaking the news, the comedian took a few minutes to answer questions from the crowd. "How would *Seinfeld* be different today?" one audience member asked. "All the media and social and digital capability makes the world a more annoying place," Seinfeld replied. "What reason would

IF WE™

want power everywhere, can we generate it anywhere?

Airborne, wireless wind turbines – a dream our software could bring to life.



Innovative thinkers everywhere use INDUSTRY SOLUTION EXPERIENCES from Dassault Systèmes to explore the true impact of their ideas. Insights from the 3D virtual world allow energy companies to rethink the way we generate and distribute power – even to the most remote locations. How long before sustainable energy is a reality in all four corners of the earth?



3DEXPERIENCE

It takes a special kind of compass to understand the present and navigate the future.

3DS.COM/ENERGY

DASSAULT SYSTEMES | The 3DEXPERIENCE Company

Kramer ever have to come [to Jerry's apartment]? You lose all of those entrances—he could just text me. The whole show goes in the toilet right there."

Hulu was once at the forefront of entertainment's big digital shift, but in recent years it has lost momentum, and the *Seinfeld* acquisition is part of a recent push to reclaim its relevance. One of the pioneers of TV streaming, the company launched in 2008 as a collaboration between NBC, ABC and Fox. But lately it has been eclipsed by its competition: At the time of Seinfeld's announcement, Hulu had just 9 million subscribers—an impressive 50% increase over last year, but still tiny compared to Netflix and Amazon Prime, which each have more than 40 million in the U.S. alone. Now the company is pouring $750 million into a major expansion effort

"We don't want Hulu to be a utility like your DVR," says Holme. "We want to be a service people love."

that also involves original content from well-known creators such as J.J. Abrams and Amy Poehler. "This is a high-risk game for them, but they don't have any choice," says tech analyst Roger L. Kay, founder and president of Endpoint Technologies Associates. "They need to raise money, invest, and cross their fingers. They can't just sit there, because otherwise they'll be eaten alive by the other guys."

Hulu's new strategy follows two failed attempts to sell the company in the past three years. When no buyer emerged (the asking price was reportedly around $1 billion), the networks that own the company decided to rethink their approach. CEO Mike Hopkins brought in a fresh team of executives, including head of content Craig Erwich (previously executive vice president of Warner Horizon Television) and head of originals Beatrice Springborn (a former Pixar development manager). Hopkins also promoted Lisa Holme to VP of acquisitions. Together, they are aggressively pursuing content that's designed to get people talking—and convince them to pay $8 a month. "We don't want Hulu to be a utility like your DVR," says Holme. "We want to be a service people love. We want all that lovey, yummy, brand-y goodness from the programming to spread onto us."

In the past, audiences may have been turned off by Hulu's confusing business model, which divided programming into two separate brands: Hulu (free, offering limited content on desktop computers) and Hulu Plus (a monthly fee for a larger array of shows on both desktop and mobile). As part of its overhaul, the Hulu team has decided to nix the Plus, and though there are still free and paid tiers, the branding has been simplified. "Research and tracking convinced us that people were confused," says Hopkins. "Rather than trying to explain the difference, we want to explain what we have and why you should subscribe. We thought we could do a better job without the poor old Plus."

The company is also making a big bet on the sort of buzz-generating original content that has been so successful for Netflix and, to a lesser extent, Amazon. Later this year Hulu will premiere several high-profile programs, including J.J. Abrams's adaptation of the Stephen King novel *11/22/63,* starring James Franco, and the Amy Poehler–produced comedy *Difficult People,* featuring fellow *Parks & Recreation* vet Billy Eichner. In May, Hulu also announced it would be producing a new season of Mindy Kaling's *The Mindy Project,* which had aired for three seasons on Fox. Also in the works are shows helmed

THE NEW HULU

FIVE ORIGINAL SHOWS COMING SOON TO THE SERVICE



Difficult People's Eichner (left) and Klausner

11/22/63

STARRING: James Franco, Chris Cooper, Cherry Jones **EXECUTIVE PRODUCERS:** J.J. Abrams, Stephen King **PREMISE:** A high school English teacher (Franco) time-travels back to prevent JFK's assassination. "This will appeal to both my dad, who remembers that day, and my 16-year-old cousin, who's obsessed with James Franco," says Hulu's head of originals, Beatrice Springborn.

DIFFICULT PEOPLE

STARRING: Billy Eichner, Julie Klausner, Andrea Martin **EXECUTIVE PRODUCERS:** Amy Poehler, Dave Becky (*Louie*) **PREMISE:** Eichner and Klausner play abrasive New Yorkers who hate everything except each other. "There may be people who don't like the show, and that's okay," says head of content Craig Erwich. "We're not aiming for the middle."

CASUAL

STARRING: Michaela Watkins (*SNL*), Tommy Dewey (*The Mindy Project*) **EXECUTIVE PRODUCERS:** Jason Reitman (*Juno*), Helen Estabrook (*Whiplash*) **PREMISE:** Siblings share everything with each other, including details of their sex lives, in this provocative comedy. "It shows a really interesting family dynamic and the difficulty of modern life," says Estabrook.

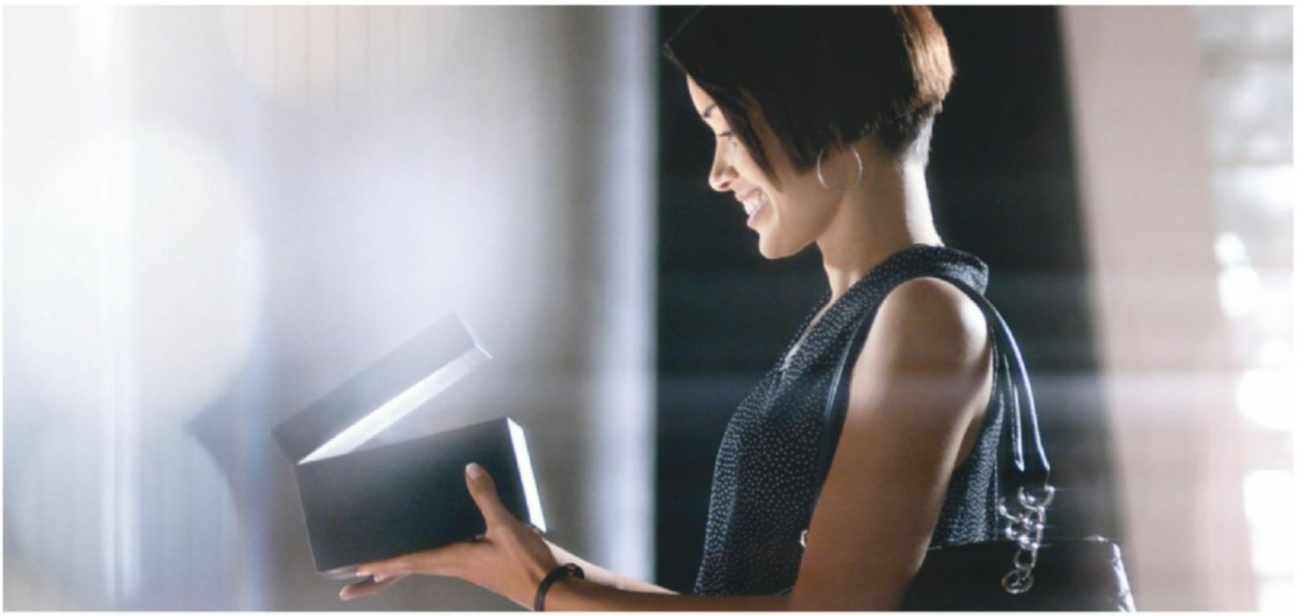
THE WAY

STARRING: TBD **EXECUTIVE PRODUCERS:** Jason Katims (*Friday Night Lights*), Jessica Goldberg (*Parenthood*) **PREMISE:** This family drama is set against the backdrop of an emerging religious movement that may be a dangerous cult. "The idea of looking at faith right now is really intriguing to me," says Katims.

ROCKETJUMP: THE SHOW

STARRING: Freddie Wong and the Rocketjump team **EXECUTIVE PRODUCERS:** Freddie Wong and the Rocketjump team **PREMISE:** The YouTube star offers a behind-the-scenes look at his stunt-packed videos. "The goal is to introduce Freddie to a broader audience," says Erwich. "He's not a guy who might get cast in a network sitcom."

ADVERTISEMENT



INNOVATION IN THE AGE OF EXPERIENCE

We live in an age where businesses need to look beyond the aesthetics of a product or the practicalities of a service…where consumer engagement and loyalty count far more than features and benefits alone…where consumers expect to interact with or even influence suppliers – not just be sold to.

Products are no longer enough for today's consumers who value experience over all else.

THE AGE OF EXPERIENCE HAS ARRIVED

Executives and academics everywhere accept that in the modern economy, the key to success is delivering consumer experiences that demonstrate true differentiation.

And yet, the task is a daunting one at best. What exactly is meant by experience? And, more importantly, how can a business influence it, given the complex array of emotional, rational and physical responses that inevitably drive consumer connection?

IF WE CHANGE THE WAY WE INNOVATE, CAN WE DEVELOP EXPERIENCES THAT CONSUMERS DEMAND?

The key to making consumer experience the true focus of innovation is to capture insights and expertise from across a business's entire ecosystem.

Shaping the right consumer experience requires not only the involvement of but also the collaboration between all roles within a company – from marketing and management to sales and engineering.

Only by connecting all the dots between people, ideas and data can a business drive consumer loyalty, engagement and value.

IF WE WANT TO THRIVE IN THE AGE OF EXPERIENCE, WHERE CAN WE TURN?

The **3D**EXPERIENCE® platform from Dassault Systèmes is a business experience platform: a new class of collaborative environment specifically designed to help companies create differentiating consumer experiences.

It enables everyone within a company to play an active role in experience development.

With a single, easy-to-use, compass-like interface, the **3D**EXPERIENCE platform powers INDUSTRY SOLUTION EXPERIENCES – based on 3D design, analysis, simulation and intelligence software in a collaborative, interactive environment.

The Age of Experience represents a significant opportunity for businesses prepared to place a new focus on creating unique and truly rewarding consumer experiences.

It's time to ask the right questions, understand the present and navigate the future – now made possible with the **3D**EXPERIENCE platform.

Discover the **3D**EXPERIENCE platform and our INDUSTRY SOLUTION EXPERIENCES at **3DS.COM**.

The 3DEXPERIENCE Platform Explained

The **3D**EXPERIENCE platform is a business experience platform. It provides software solutions for every organization in your company – from engineering to marketing to sales – that help you, in your value creation process, to create differentiating consumer experiences.

With a single, easy-to-use interface, it powers INDUSTRY SOLUTION EXPERIENCES, based on 3D design, analysis, simulation and intelligence software in a collaborative interactive environment. It is available on premise and in public or private cloud.



It takes a special kind of compass to understand the present and navigate the future.

About Dassault Systèmes Dassault Systèmes, the **3D**EXPERIENCE Company, provides business and people with virtual universes to imagine sustainable innovations. Its world-leading solutions transform the way products are designed, produced and supported. Dassault Systèmes' collaborative solutions foster social innovation, expanding possibilities for the virtual world to improve the real world. The group brings value to over 190,000 customers of all sizes, in all industries, in more than 140 countries.

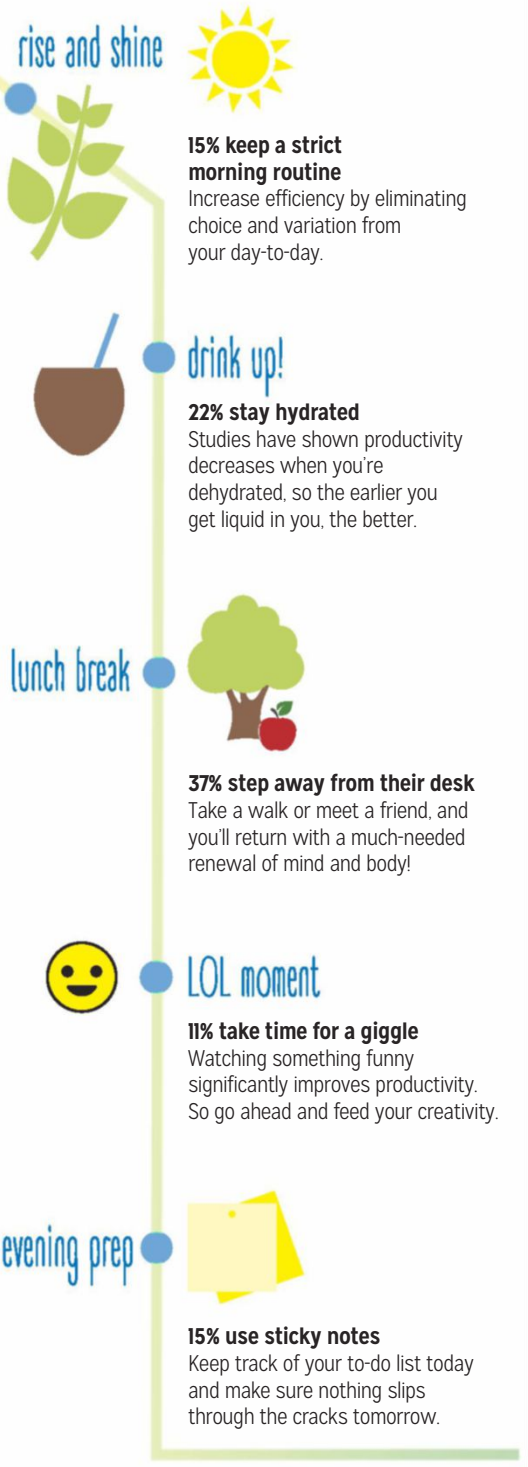
3DEXPERIENCE is a registered trademark of Dassault Systèmes or its subsidiaries in the U.S. and/or other countries.

Promotion

A DAY IN THE LIFE...

OF YOUR MOST ENGAGED SELF

This May at **FC/LA**, our creativity counter-conference, *Fast Company* and ZICO® Premium Coconut Water™ surveyed guests to find out how they stay productive all day long.



ZICO
PREMIUM COCONUT WATER™

ZICO is passionate about helping you discover your most productive self. Flourish from the inside and out with ZICO—so you can take on the day and crack life open.

by *Juno* director Jason Reitman and *Friday Night Lights* showrunner Jason Katims. "I've been to all the Hulu upfronts," says Seth Meyers, whose animated superhero spoof *The Awesomes* will soon launch its third season on Hulu, "and all of a sudden when James Franco and J.J. Abrams are there, it feels like a sea change."

In fact, Hulu is a longtime player in original content, with shows like the sports-mascot docuseries *Behind the Mask* and inner-city teen soap *East Los High* attracting small audiences after they premiered in 2013. But few people knew about its offerings. "Hulu, ironically, was one of the first services to do original premium programming," points out Hopkins. "We just didn't promote it enough." This time, they aren't going to make that mistake. The company plans to boost the marketing budget for its new shows by 70% over last year. "We want to show people we can market at the highest level," says Springborn. "We need to be on our A-plus-plus game every day to compete." For name-brand showrunners who might otherwise have been wary, that's an appealing pitch. "Hulu has a lot invested in making these new shows pop for the audience," says Jason Katims, creator of a religion-themed drama called *The Way*, which does not yet have a premiere date. "They're giving us every chance to succeed and to be seen by a lot of people."

With digital advertising expected to surpass on-air TV spending by 2017, Hulu is well positioned to cash in.

Hulu has also been pouring resources into acquiring popular content from elsewhere, which has long been its primary attraction to viewers. In addition to gobbling up proven hits like Fox's *Empire* and CBS's *CSI*, the company has made advance package deals that include untested upcoming shows such as AMC's zombie sequel *Fear the Walking Dead* and FX's Denis Leary vehicle *Sex&Drugs&Rock&Roll*. "It's a little bit more risk, more reward," says Holme of such prospective purchases. "We were very careful about who we got into business with in that way, but AMC and FX have such a high hit rate, it minimizes the risk."

And Hulu does have one important advantage over its competitors: advertising. Unlike Netflix and Amazon, Hulu shows have commercial breaks, and viewers typically watch three brief spots over the course of a half-hour program. That, according to Hopkins, is a key business differentiator. "There's a huge opportunity in digital advertising," he says. "There are clearly some customers who don't like the ads and won't subscribe because of them, but we're constantly looking at what we can do to improve the ad experience for viewers." With digital advertising expected to surpass on-air TV spending by 2017, Hulu is well positioned to cash in. "That's the trend, and they're in the best spot to capture it," says tech analyst Kay, who adds that the company can also promote its original content via ads during popular acquired programs.

Still, it's Hulu's newly created shows that could ultimately be the key to turning things around. Just look at Netflix, whose streaming service only clicked after *House of Cards* turned it into a content powerhouse. Could Hulu's *Difficult People* be the new *Orange Is the New Black*? "We've made significant steps toward [having a show break through to mainstream audiences]," says Erwich. "I don't know if the fog has completely lifted, but I feel like we're about to come through the other side."


crack
life
open.
Show your body some love and help it flourish with ZICO® Premium Coconut Water.™ With five electrolytes, including potassium, your body will thank you.
ZICO
natural
premium
coconut
water
70
FLOURISH
FROM THE INSIDE OUT
Learn more at ZICO.com.
© 2015 ZICO Beverages LLC. All rights reserved.

Changing the odds

30% Club founder Helena Morrissey is out to convince the world that women are good for business.

BY LINDA KINSTLER
Photograph by Geordie Wood



No limits
Gender quotas aren't the solution, Morrissey says. Real change is needed.

Five years ago, Helena Morrissey set herself a seemingly impossible challenge: persuade the chairmen and CEOs of Europe's largest corporations that their boards should be at least 30% female. Today, she's tantalizingly close to achieving her goal—and is expanding her efforts to reach companies around the world.

The problem

Early in her tenure as CEO of Newton, a U.K.–based investment management firm, Morrissey started an initiative to increase women's representation in the higher ranks of the company, which at the time was less than 15% female. Five years later, with no results to speak of, she was almost ready to give up.

The epiphany

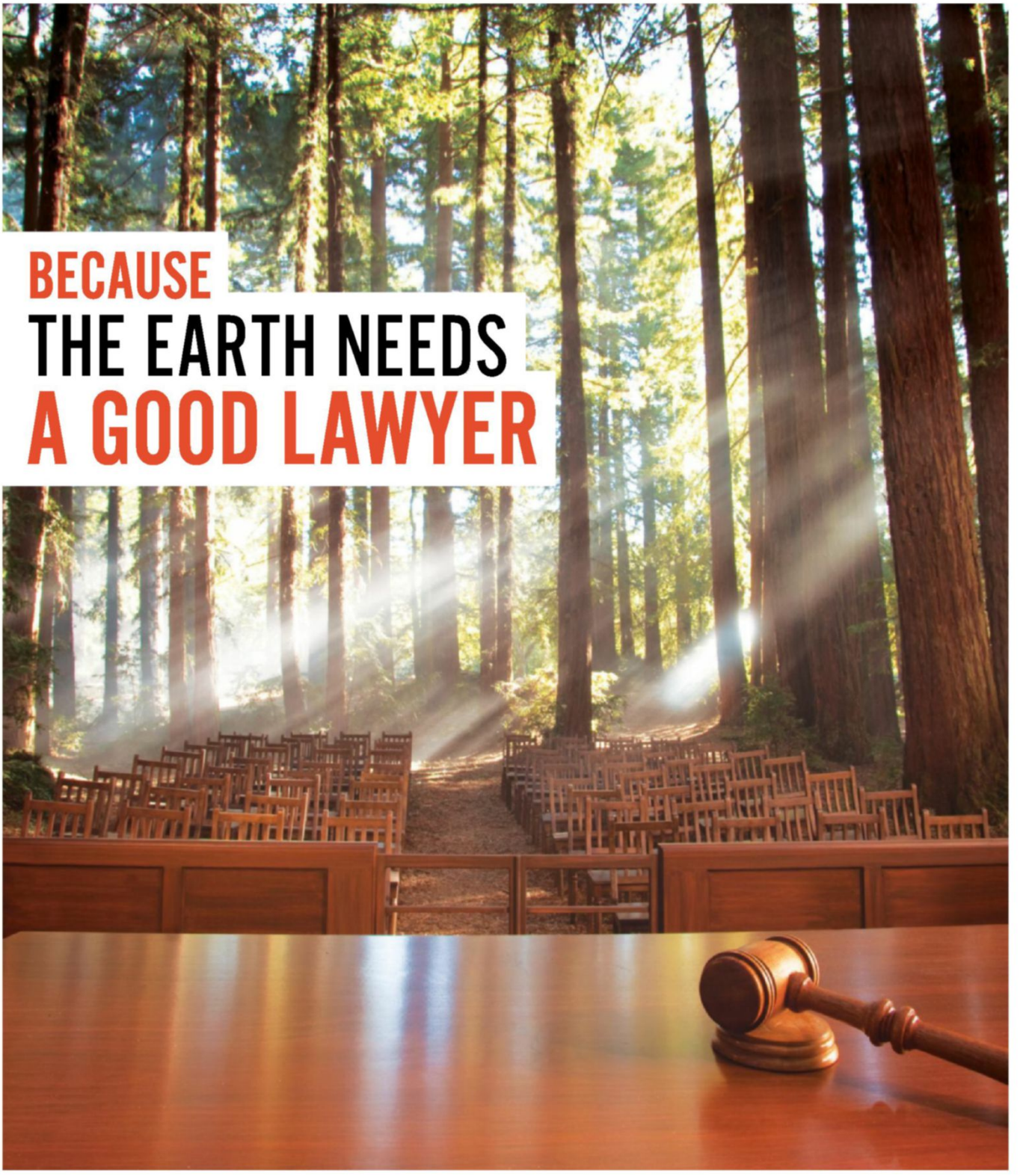
Morrissey studied up and found that 30% tends to be the threshold where a minority voice becomes more than just a token part of a group. She shared her findings with 15 fellow female executives, and together they hashed out what would become the 30% Club. "We decided it would be focused to start with," Morrissey says. Their goal: to make the boards of all companies on the Financial Times Stock Exchange (FTSE) 100 index at least 30% female by the end of 2015.

The execution

The 30% Club frames its mission as a business imperative: Diverse boards are more innovative. Morrissey won the support of a core group of what she calls "enlightened" chairmen and CEOs (many of whom had daughters) and the message spread from there. "Their evangelism about this issue has really transformed the thinking," Morrissey says.

The result

There are no all-male boards left on the FTSE 100, and 23 companies have already reached the 30% mark. 30% Club chapters have been formed in the U.S., Hong Kong, Ireland, and East Africa, with launches in Italy, Canada, Australia, Malaysia, and the Persian Gulf planned for later this year. The progress vindicates Morrissey's philosophy: "Fighting against the established position doesn't get you as far as changing it," she says.



As the nation's premier nonprofit environmental law organization, Earthjustice takes on the biggest, most important court cases across the country—cases that preserve the wild, fight for healthy communities, advance clean energy and combat climate change.

EARTHJUSTICE
BECAUSE THE EARTH NEEDS A GOOD LAWYER

Join our fight. **EARTHJUSTICE.ORG**

Embracing setbacks

How Mika Brzezinski—the cohost of MSNBC's *Morning Joe*—has turned career curveballs into opportunities.

BY ERIN SCHULTE
Photograph by ioulex



Crisis management
Brzezinski thinks even your most embarrassing moment can be useful.

Getting fired from a high-profile job might seem like a humiliating experience, but for news anchor Mika Brzezinski, it proved to be an important career catalyst. The daughter of former national security adviser Zbigniew Brzezinski, Mika had spent more than 15 years working in TV news, climbing to a position as a correspondent at CBS. But in 2006, the network unexpectedly let her go. Struggling to find work, she settled for a gig as a freelance MSNBC reporter at a tenth of her previous salary.

It was a humbling development, but Brzezinski embraced the opportunity, and when former Republican congressman Joe Scarborough was looking for a cohost for MSNBC's new a.m. program, she was eager to give



5 POINTS PER $1 SPENT AT MARRIOTT® | UNLIMITED POINTS EARNING

2 POINTS PER $1 SPENT AT OFFICE SUPPLY STORES • RESTAURANTS • CAR RENTAL AGENCIES

• INTERNET, CABLE, AND PHONE SERVICE PURCHASES

• PLUS AIRLINE TICKETS PURCHASED DIRECTLY WITH THE AIRLINE

The Marriott Rewards Premier Business Card • MarriottPremierBusiness.com • 1-866-266-9036 OFFER CODE FGM **APPLY TODAY**

Accounts subject to credit approval. Restrictions and limitations apply. Marriott Rewards Visa credit cards are issued by Chase Bank USA, N.A. Offer subject to change. See www.MarriottPremierBusiness.com for pricing and rewards details. Marriott Rewards points needed for a standard reward free night stay range from 7,500 points for Category 1 hotels to 45,000 points for Category 9 hotels. Refer to MarriottRewards.com for all reward redemption values. © 2015 JPMorgan Chase & Co. All rights reserved.

it a try. Eight years later, Brzezinski is still at the *Morning Joe* table, and despite recent ratings challenges, she's still thrilled to be there. "Every moment I come to work is so full of joy and unexpected twists and turns," she says.

Off-camera, Brzezinski is committed to helping women handle change and advocate for themselves. The latest in her series of career-development books, *Grow Your Value,* came out in May, and on her five-city Know Your Value tour she's leading workshops to teach women how to ask for raises or promotions. "Women tend to be very self-deprecating," she says. "Instead of advocating for themselves, they want people to feel comfortable. No. You have to know what you want." But you also have to stay flexible in order to handle surprises. Here's how Brzezinski has adjusted to meet career challenges.

Master your disaster

What looks like an ending might actually be a beginning. For Brzezinski, getting fired turned out to be "really good for me," she says. "Not being able to get a job again, it can really strip you down to the basics. I will never forget those really dark moments of being unemployed. Never. They live with me forever and drive everything I do. One reason I was in that position was because I was not defined in terms of my own talents and interests. When they needed to get rid of someone, they got rid of a generalist, because that was the easiest thing to do. That experience forced me to look at who I am."

Create discomfort

Scarborough makes a point of keeping *Morning Joe* somewhat unstructured, and at first Brzezinski found that terrifying. "Working with Joe, there are no scripts," she says. "There is no sense of where we're going to go, what direction we're going in." But eventually she realized that having to improvise made her a better communicator. "It woke up part of my brain that had always been asleep because everything is so planned on television. We would also go on book tours, and he'd run up on stage with no preparation. We'd start doing presentations totally going off the cuff. It forced me to think, What am I going to pull out of my head up there?"

Face your fear

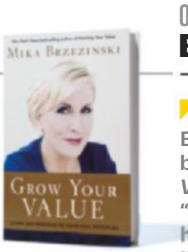
In-person appearances are an important part of what she does, but Brzezinski gets nervous in front of a live audience. That's not a bad thing. "It's one thing to talk to a camera and another thing to talk to people," she says. "Still, to this day, I sweat bullets, I get really nervous, my stomach starts to get panicky. It's an out-of-body experience. Talking in public does not get easier. But you do get better at it. I say to women, 'You should speak in front of audiences. Learn to stand up and be looked at while you're talking. Put yourself in situations like that, and you'll be surprised at what you can do.' You take risks. Doing *Morning Joe* was a huge risk, jumping up on stage is a huge risk. But being really safe has not helped me. It left me in the back of the room—or fired."

Live in the (awkward) moment

Uncomfortable experiences are often more valuable than they seem. In *Grow Your Value,* Brzezinski describes the most awkward moment of her career. While she was moderating a 2014 panel for the White House Summit on Working Families, Brzezinski asked Gloria Steinem, Nancy Pelosi, and other panelists how their careers had caused strife in their personal lives. "Silence," Brzezinski recalls in the book. "Replaced momentarily by forced laughter. Nancy Pelosi looked as if she smelled something bad." But rather than change the subject, Brzezinski took the reaction as a sign that she was onto something. "Awkward moments are often rich with truth," she says. "Usually in an awkward moment, when you find people incapable of or afraid to go there, that's exactly where—as a journalist or analyst or lawyer—you should go. Moments that make you sweat and feel completely vulnerable and almost unhinged with fear, those are the moments you can carry with you and be 10 times stronger in the future."

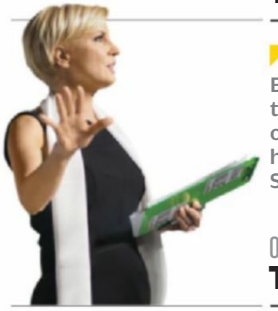
MORE MIKA

HERE'S WHAT BRZEZINSKI IS UP TO WHEN SHE ISN'T SITTING OPPOSITE *MORNING JOE* COHOST JOE SCARBOROUGH.



01 Books

Brzezinski has written four nonfiction books, including her latest, *Grow Your Value*, which explores the costs of a career. "I find that more interesting than, 'You're happy at work, you're happy at home, and I'm perfect and you're not,'" she says. "That's not how it goes."



02 Tour

Brzezinski's Know Your Value speaking tour will land in several cities this year, offering career advice for women via hands-on workshops with guests like Sen. Claire McCaskill and Brooke Shields.



03 TV

On weekday mornings at 8:30, Brzezinski now hosts her own female-focused segment of *Morning Joe*. Guests have included Sen. Elizabeth Warren and Cathy Engelbert, CEO of Deloitte LLP. "We're having fun shaking things up," Brzezinski says.

Celine Grouard (book); Todd Zimmermann/MSNBC (tour); Louis Burgdorf/MSNBC (*Morning Joe*)



The Human Genome Project, which first mapped our genetic blueprint, opened a world of possibilities. What if we could treat cancer by going after the genes responsible for the disease? This spirit of innovation has put Dana-Farber at the forefront of cancer genetics. In fact, we discovered that lung cancer patients with an EGFR mutation dramatically respond to a drug that targets it, extending lives worldwide. Today, we are developing the next generation of targeted therapies that are showing promise for many cancers, including lung, stomach, colorectal, melanoma and breast – with the hope of new advances on the horizon.

Videos, whitepapers and more at **DiscoverCareBelieve.org/EGFR**.

DANA-FARBER
CANCER INSTITUTE

Discover. Care. Believe.

HARVARD MEDICAL SCHOOL
TEACHING HOSPITAL

© 2015 Dana-Farber Cancer Institute



Writing on the wall
The giant chalkboard at Krash's loft in Charlestown, Massachusetts, is there to stimulate Krashers to fill it with ideas.

Beyond roommates

Krash and other startups take the coworking phenomenon to its logical, intimate extreme.

BY LAUREN SCHWARTZBERG
Photographs by Ofer Wolberger

Phil Fremont-Smith spent the summer of 2011 flying between Boston, where he lives with his wife, Jennifer, and San Francisco, where he was trying to raise money for a financial-services startup. An experienced entrepreneur, he'd schedule his networking dates down to the minute. But after one particularly productive trip, he felt an existential pang. "I was looking at the notes I had written on the backs of business cards and realized that none of the 25 people I had met with really knew me," he says. A handshake over a cup of coffee wasn't the kind of investor relationship he wanted to cultivate. He wanted something real—but still professional. "Something leverageable," he says. "Something that really meant something."

The following year, Fremont-Smith joined the TechStars accelerator to help grow his business. The program required that founders relocate to Boston, but few of them had places to stay. Fremont-Smith saw an opportunity. He and Jennifer, herself an experienced

startup.



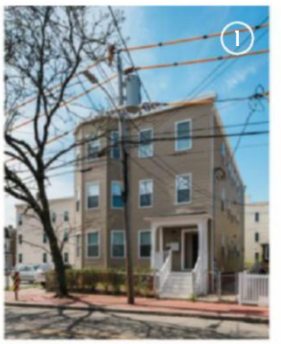
©2015 glacéau. glacéau®, vitaminwater®, bottle design and label are registered trademarks of glacéau.

entrepreneur, already had a history of buying, renting, and selling vacation homes in Maine. They leased a six-bedroom house in nearby Cambridge, Massachusetts, and put an ad on Craigslist inviting people to apply for a room in their "cohousing" space, which they decided to call CrashPad. "Members brainstorm, practice pitches, and collaborate on projects as they live, cook, socialize, or just hang out at CrashPad," the ad said. "Mentors, investors, and supporters drop by for impromptu happy hours."

Hundreds of applications flowed in overnight. The Fremont-Smiths picked a dozen enthusiastic entrepreneurs with varying skill sets but a shared desire to connect, and moved them in the next month. Within a year, the couple had opened two more locations in Boston and one in New York, and changed the company's name from CrashPad to Krash. After each of their companies was acquired, the Fremont-Smiths were free to run Krash full time.

Cohousing—or co-living, as it's also known—holds much the same appeal as coworking. Sharing living space is often more cost-effective than renting or buying, especially in hot startup markets, and members hope that spontaneous interactions will drive creativity. The idea has been growing in popularity over the past several years, but what makes Krash unique is its emphasis on relationship building. "The single greatest determinant of someone's success is their personal network," says Phil. "Krash is about providing and accelerating those connections," Jennifer adds.

The Fremont-Smiths refer to the Krash houses variously as "urban lodges," "particle accelerators for people," and "clubhouses for entrepreneurs." Most people get a roommate, and almost everything is communal. ("You become very tribal when you're sharing a bathroom and kitchen with people," Phil says. "Barriers are broken down fast.") Krashers, as they're called, pay from $1,500 to $2,200 a month depending on the city and the time of year,







"You become very tribal when you're sharing a bathroom and kitchen with people," Phil says. "Barriers are broken down fast."

There's no place like Krash

Clockwise from top left:

1. One of the company's houses in Cambridge, Massachusetts.

2. Bedrooms at Krash are left spartan to encourage residents to spend time socializing—this particular one is in the Charlestown loft.

3. Common areas (like this one in Cambridge) are designed to maximize creativity, with things like musical instruments and blank notebooks readily available.



launch.

©2015 glacéau. glacéau®, vitaminwater®, bottle design and label are registered trademarks of glacéau.

The Fremont-Smiths refer to Krash houses as "urban lodges," "particle accelerators for people," and "clubhouses for entrepreneurs."



which covers rent, linens, toiletries, and a fully stocked kitchen. They range in age from their twenties to sixties. They are startup founders, visiting professors, and even NASA scientists. Some already run established businesses, while others arrive with merely an idea. The typical stay is three to six months, but Krashers who want to stay longer can apply for "K2" status, which enables them to hop from Krash to Krash indefinitely.

Life at Krash revolves around networking and mentorship. Weekly family-style dinners unite residents from different houses within the same cities, and semimonthly fireside chats draw local investors and CEOs—who are required to bring a snack or a cocktail. The setting creates a unique kind of intimacy, says Jay Batson, a Krash investor who's given talks at Boston outposts. "I'm very transparent about my past experiences, and you can only do that kind of thing in your home," he says. "You can tell secrets in the house."

To date, more than 200 companies have been started or developed through Krash. "It's like this huge chemistry experiment where we take these elements that are necessary to create something, turn up the heat, and boom!" says Jennifer. Last summer, four Boston Krashers cofounded Dat Venture, an accelerator that helps European and Latin American startups launch their businesses in the United States. Bringing the experience full circle, Dat Venture is housing its inaugural class of 13 founders, all from Spain, at Krash.

Fill in the blank
The Fremont-Smiths hang blank canvases in all their houses for Krashers to record moments of spontaneous creativity.

"Underneath it all, we run a really operationally intensive housing business," Jennifer says, "and it's hard to do that well." Real estate prices have risen 30% since she and Phil started Krash, and neither of them had any experience managing a multicity hospitality operation. That hasn't hindered Krash's expansion, though. Today there are four Krash houses in Boston, three in New York, and one in Washington, D.C., with new ones set to open this year in Chicago and Los Angeles. Ashton Kutcher tweeted in April that if it had been around when he was still "searching for himself," he might have been a Krasher.

The rapid growth jibes with Krash's philosophy. "A Krasher is someone who is not content to move at a normal pace," explains Phil. "They want to start now."

Co-living in the moment

A guide to startups with rooms for rent

Campus

FOUNDED: 2013

LOCATIONS: 30 in the San Francisco Bay Area, 4 in New York, and shared vacation homes in Napa, California, and North Lake Tahoe, California

VIBE: Cozy and collegiate, with an emphasis on community. Residents evaluate and choose their own potential roommates.

The Embassy Network

FOUNDED: 2012

LOCATIONS: 2 houses and 1 apartment in San Francisco; 2 houses in Berkeley, California; 1 house in Oakland, California; and 1 house in Port-au-Prince, Haiti

VIBE: Varies. Locations are individually managed, and each has its own unique character, from a Victorian mansion to a tropical bungalow.

Pure House

FOUNDED: 2012

LOCATIONS: 14 houses in Williamsburg, Brooklyn

VIBE: Artsy and entrepreneurial. Events range from film screenings and DJ residencies to storytelling and yoga nights.



IPO.

vitamins. electrolytes.

hydratethehustle™

©2015 glacéau. glacéau®, vitaminwater®, bottle design and label are registered trademarks of glacéau.



President Obama in Washington, D.C., on April 30, 2015. Photograph by Daniel Shea

OBAMA

AND

HIS GEEKS

PRESIDENT BARACK OBAMA HAS QUIETLY RECRUITED A SWARM OF TOP TECH TALENT FROM THE LIKES OF GOOGLE, FACEBOOK, AND AMAZON. THEIR MISSION: TO REBOOT HOW GOVERNMENT WORKS.

BY JON GERTNER
PHOTOGRAPHS BY DANIEL SHEA





Obama's tech startup doesn't have a name, but it is 140 people strong—and growing.

FOR ERIC MALAND, THE WHOLE THING GOES BACK TO THAT SAN FRANCISCO WEDDING. MIKEY WASN'T THERE—WELL, WAIT, ACTUALLY, MIKEY *WAS* THERE. BUT ERIC DIDN'T MEET HIM AT THAT POINT. ERIC MET SOME OTHER FOLKS AT THE WEDDING WHO TOLD HIM THEY WERE DOING SOME FIX-IT STUFF IN WASHINGTON, AND IT SOUNDED KIND OF INTERESTING.

And now we're chatting about it in front of the White House security gate, where we're waiting to talk with the leaders inside about why guys like Eric are now wandering around this neighborhood with MacBooks in their shoulder bags and code in their heads. These are the "new techies," as longtime Washingtonians tend to say, but that's somewhat imprecise. These are people whose pedigree in Silicon Valley gives them the whispered reputations of gods and goddesses. I look at Eric. He's wearing a faded T-shirt; his sparse hair is seriously matted down. Did he sleep lately? Exercise? Shave? All debatable. "Ever wonder what you're doing here?" I ask him. He was the 13th engineer hired at Amazon, the first operations director at Twitter. Like everyone else on the stealth team that President Barack Obama is amassing and deploying inside the government, he never imagined he would live and work in D.C. "I guess I just like to fix things that are broken," he says, shrugging.

Then there's Lisa Gelobter. "Oh, you've gotta hear my story," she says. It's later that day, and we're walking near the Washington Monument under a searing midday sun. There was this call she got out of the blue last summer in New York, inviting her to some kind of roundtable discussion in Washington for tech leaders. Lisa had just spent time on the upper management teams at Hulu and BET. She decides, reluctantly, that she'll go take the meeting, which includes this guy named Mikey as well as this other guy named Todd, and turns out to be in the Roosevelt Room in the West Wing. Then President Obama opens the door and surprises everyone, and over the course of 45 minutes gives the sales pitch to beat all sales pitches. They need to come work for him. They will need to take a pay cut, the

THE D.C. TECH CORPS' LEADING EDGE

Top row, left to right:

Hillary Hartley
COFOUNDER, 18F
Previously Presidential Innovation Fellow

DJ Patil
U.S. CHIEF DATA OFFICER
Previously LinkedIn, Greylock Partners, Skype, PayPal, eBay

Matthew Weaver
ROGUE LEADER, DIGITAL SERVICES, U.S. DEPT. OF VETERANS AFFAIRS
Previously Google

Middle row, left to right:

Megan Smith
U.S. CHIEF TECHNOLOGY OFFICER
Previously Google

Mikey Dickerson
ADMINISTRATOR, U.S. DIGITAL SERVICE
Previously Google

Haley Van Dyck
DEPUTY ADMINISTRATOR, U.S. DIGITAL SERVICE
Previously Obama 2008 campaign, FCC, USAID

Bottom row, left to right:

Jason Goldman
U.S. CHIEF DIGITAL OFFICER
Previously Twitter

Lisa Gelobter
CHIEF DIGITAL SERVICE OFFICER, U.S. DEPT. OF EDUCATION
Previously Hulu, BET

Tony Scott
U.S. CHIEF INFORMATION OFFICER
Previously VMware, Disney, Microsoft



president announces. But he doesn't care what it takes—he will personally call their bosses, their spouses, their kids to convince them. The crowd laughs. But he gravely responds: *I am completely serious*. He needs them to overhaul the government's digital infrastructure *now*. "What are you going to say to that?" asks Lisa.

Oh, and the stories about Weaver. "First name is Matthew," Weaver says, sitting on a cheap couch in a makeshift office near the White House. But no one calls him Matthew, he explains, since there are too many Matthews in any given room at any given moment. Even among D.C.'s new technorati, people view Weaver as someone separate from the fray. Maybe it's because he once lived in a camper in the Google parking lot without going home for an entire year. Maybe it's because he was the one guy who, if he didn't answer an emergency call, the whole search engine might go down. Or maybe it's because in a group of brilliant engineers, Weaver, as one of his new colleagues puts it, stands out as "someone who is, like, superhero-fucking-brilliant." Recruited from California last year by these guys Mikey and Todd to work on the broken Healthcare .gov website, Weaver decided this year to stay in D.C. and leave behind the comfort of Google and a big pile of stock options. He recalls it in terms that suggest the transfixing power of a holy pilgrimage. "That"—he says, meaning the Healthcare.gov fix-it work—"changed my life in a profound way. It made it feel like all my accomplishments in my professional life meant very little compared to getting millions of people through the hospital doors for the first time. And that made me see that I could never do any other work without a public impact." Weaver now spends his days in the guts of the Veterans Administration, helping the agency's digital team upgrade their systems and website—and trying to reboot the way government works. As an early test to see if he could challenge the VA's protocol, he insisted, successfully, that his official government title be Rogue Leader. And so he is: Rogue Leader Weaver.

Todd and Mikey—the ones who helped bring people like Eric Maland, Lisa Gelobter, and Weaver down here—are, respectively, Todd Park, the former chief technology officer of the United States, and Mikey Dickerson, who led a team of 60 engineers at Google and supervised the crew that fixed the Healthcare .gov website last year. Since that time, Park and Dickerson have been steadily recruiting an elite digital corps—a startup team, essentially, built mainly from the ranks of top private-sector companies—and embedding them within the U.S. government. Their purpose is to remake the digital systems by which government operates, to implement the kind of efficiency and agility and effectiveness that define Silicon Valley's biggest successes, across everything from the IRS to Immigration Services. "We've got about 140 people in the network right now," Park says of the digital team. "The goal is to get it to about 500 by the end of 2016." Whether Park and Dickerson can find enough superstar techies to take a flyer on this risky project is just one of many concerns. There are bigger questions, too, such as whether a small number of technologists can actually bring about vast changes within the most massive, powerful, bureaucratic regime on earth.

It helps that the two men have substantial "air cover," as President Obama describes it in an exclusive, in-person interview with *Fast Company*. For the past year, the president explains, he has personally helped Park and his team hire talent and implement their ideas across a host of government agencies. While the reasons behind this initiative and its scope have not been made clear before, in the president's view, the idea of building a "pipeline" of tech talent in Washington starts with practical appeal: Better digital tools could upgrade the websites of, say, the Veterans Administration, so users get crucial services that save time, money, and (for veterans in need of medical help) lives. "But what we realized was, this could be a recipe for something larger," the president explains. "You will have a more user-friendly government, a more responsive government. A government that can work with individuals on individual problems in a more tailored way, because the technology facilitates that the same way it increasingly does for private-sector companies." In other words, if Obama's tech team can successfully rebuild the digital infrastructure of Washington—an outcome that is by no means certain yet—you might not only change its functionality. You might transform Americans' attitudes about government too. And you might even boost their waning feelings of empowerment in an ideologically riven country of 320 million people.

In the meantime, do you also end up with a dedicated group of Rogue Leader Weavers where none existed before? Tech geniuses who embrace public service as an essential element of their careers? The president is betting on that outcome as well. Get the country's technologists to change Washington, the theory goes, and maybe—just maybe—you end up changing the country's culture of technology, too.

The new hub of Washington's tech insurgency is something known as the U.S. Digital Service, which is headquartered in a stately brick townhouse half a block from the White House. USDS employees tend to congregate with their laptops at a long table at the back half of the parlor floor. If there's no room, they retreat downstairs to a low-ceilinged basement, sprawling on cushioned chairs. Apart from an air-hockey table, there aren't many physical reminders of West Coast startup culture—a lot of the new techies are issued BlackBerrys, which seems to cause them near-physical pain. Nevertheless, the corps at USDS tends to rely on the same jargon you hear around Silicon Valley these days. They'll say they're here to "iterate," or to "deliver product," or to "JFDI" (that is, just fucking do it). When I wander downstairs one morning in late April, Ben Maurer, a young engineer on sabbatical from Facebook, is huddling with a few colleagues on a project for the Department of Defense. "I'm not just fixing bugs here," he informs me, looking up from his laptop for about a nanosecond before going back to his coding. He seems tired but pleased to work on something big—in this case, to map out a broad digital structure for an upcoming project at the mammoth agency.

"WHAT WE REALIZED WAS, THIS COULD BE A RECIPE FOR SOMETHING LARGER," THE PRESIDENT EXPLAINS. IF THE TECH TEAM SUCCEEDS, IT COULD TRANSFORM AMERICANS' ATTITUDES ABOUT GOVERNMENT.

To a certain extent, the Obama administration has always been a comfortable place for techies like Maurer; the president—whose 2008 campaign was arguably the most convincing demonstration at the time of social media potential—was the first chief executive to appoint a chief technology officer and, more recently, a chief data officer. "Government has done technology and IT terribly over the last 30 years and fallen very much behind the private sector," Obama says. "And when I came into government, what surprised me most was that gap." But creating high-level positions like the CTO was a route to better government

technology *policy,* not necessarily better *operations*. Besides, the immediate priority was addressing the economic crisis and resolving military entanglements.

Tech moved up on the punch list in 2013 due to a new crisis: the Healthcare.gov fiasco. When the president's key legislative achievement was mortally threatened by a nonfunctioning website, Todd Park, as CTO, was among those asked to help rescue the endeavor. Before his stint in government, Park had started two medical IT companies now valued at over a billion dollars each, and it was that experience, not policy or politics, that he called upon. Park recruited Dickerson from Google, as well as a half-dozen other engineers. This small team, working around the clock in Maryland, fixed the site in seven hectic weeks. Not only did the effort "save the president's baby," as one former White House staffer puts it, it crystallized within the administration the impact that just a handful of deeply talented techies could have on our government's functionality. And it prompted Obama, Park, and their colleagues to wonder: Could an infusion of West Coast tech talent become permanent? What might that achieve?

As it turned out, there was a model to follow. The British government had demonstrated that the best digital practices from the private sector could be applied to the public realm with transformative results, through an initiative known as the Government Digital Service. (A columnist at the *Guardian* newspaper lamented that he couldn't invest in the GDS, even though it seemed like the best tech startup in Europe.) Park, meanwhile, had already put some pieces in place: a program known as the Presidential Innovation Fellows, begun in 2012, which brought bright young technologists into government for 12-month stints; and a group called 18F, within the government's General Services Administration, that deployed graduates of the fellows program to other government agencies on a project basis.



Todd Park has just 18 months—until the Obama administration ends—to recruit a tech corps of 500.

"WE NEED BOTH KINDS OF PEOPLE," SAYS PARK. "PEOPLE WHO CAN HACK THE TECHNOLOGY AND PEOPLE WHO CAN HACK THE BUREAUCRACY."

With the backing of the president, Park scaled up his recruiting efforts. His outward-facing policy job became focused on building an internal tech team. Dickerson had returned to the West Coast after Healthcare.gov—his goal was to sleep as much as possible for several weeks straight. But in May 2014, he came back to Washington for a meeting with Park, who harangued him late into the evening at the Shake Shack in DuPont Circle, the favored hangout of the West Coast techies. Park wanted Dickerson to pick up where he left off at Healthcare.gov and lead a new and more ambitious project. The two were gently kicked out of the restaurant by a manager locking up for the night. But by that point, Dickerson had decided to commit to running a new central technology bureau. The USDS opened for business a few months later.

One morning in late April I sat down at USDS headquarters for several hours with Park, Dickerson, and Haley Van Dyck, who, with Dickerson, helps run the USDS. If the president is effectively the CEO of the White House's tech startup, Park would be its chief strategist. He is excitable and charming, with a cyclonic energy that helps explain why he's been so successful as a talent recruiter. When he talks about two ideas, or two people, that he very much likes, he blurts out, "This is a total double-helix of awesomeness!" In describing the level of difficulty the new tech team in D.C. faces, he exhorts, "This is DARPA meets the Peace Corps meets SEAL Team Six!" ("Todd is the most enthusiastic person I know," says Obama.) Dickerson, by contrast, does not emote. In fact, Dickerson comes off at first glance as grumpy and rumpled—someone who, in a not-too-distant era, might have made an excellent clerk in a video-rental store. Then you talk with

him and wish to take your first impression back. Dickerson is an uncommonly skilled engineer with a deadpan wit and an unflappable nature. When I ask how he feels about the tech surge scaling up, he says, "Yeah, I'm losing all that free time I had." His business card carries no title but reads DON'T PANIC. Park calls him Buddha.

Outsiders often make the mistake of perceiving Washington's technical problems as the result of a dearth of engineering talent. This makes it tempting to frame the current wave of hires from Google and elsewhere as a wartime tactical team moving in to save us from the city's existing coding barbarians. But this is not quite correct. For one thing, the people Park and Dickerson are luring here aren't just software engineers; they're data scientists, user-experience gurus, product managers, and design savants. For another, these people are being matched with government insiders who can advise them on how to deploy private-sector tools like Amazon Web Services, for instance, that have long been considered forbidden within the Beltway, or how the procurement of contractors can be improved. Usually this involves cutting a jungle path through thousands of pages of overgrown government regulations. As Park says, "We need both kinds: people who can hack the technology, as well as people who can hack the bureaucracy."

The complexity is formidable. If you put your engineer's hat on, Dickerson says, you can look at government's approach to tech and decide that it's pretty much insane. But if you consider it as an anthropologist might ("If you're studying this alien culture," he says, "and you ask, Why do they behave so strangely?"), you see that D.C. has developed its dysfunctions for deep, structural reasons. For instance, Washington has plenty of smart people, Dickerson says. But they have been removed from the extraordinary growth—only occurring during the past decade, really—of the handful of West Coast companies that can now manage "planet-scale websites," as Dickerson puts it.

Above all, there is the inertia of the past. One of the first lessons Dickerson learned about D.C. when he arrived was that the city traditionally conflates the importance of a task with its cost. Healthcare.gov ultimately became an $800 million project, with 55 contracting companies involved. "And of course it didn't work," he says. "They set aside hundreds of millions of dollars

"WE CAN GET A REALLY BIG PAYOFF"

IN AN EXCLUSIVE AND WIDE-RANGING CONVERSATION, THE PRESIDENT EXPLAINS HIS TAKE ON WASHINGTON'S TECHNOLOGY PROBLEMS—AND HIS SOLUTIONS.

INTERVIEW BY ROBERT SAFIAN

Fast Company: ***From the outside, looking at all the different things that your digital teams are doing, it can feel diffuse, because it is dispersed. What are the overarching goals here?***

President Barack Obama: If you think of a startup, you figure out, Is there something big enough that is worthwhile doing? How do you get the best people on board? How are you going to make sure that you're serving your customer out there well? And what we've tried to do with the U.S. digital team—and our whole conception of technology generally—is to identify some big projects that will impact a lot of people. Because of this upgrade in technology, in delivery systems, in data . . . x million people are getting their veterans benefits faster. Or x hundreds of thousands of people are getting their green cards processed more efficiently. Or x thousands of small businesses are having their loans processed more effectively.

Although it's true that this is something that we hope ultimately will touch all of government, we know there are very specific areas where, if we leverage the best technology teams in the world and we pair them up with some really effective government managers, then we can get a really big payoff.

Do you have a vision where it all comes together and turns into something bigger? You know, the federal government is full of really smart people, with a lot of integrity, who work really hard and do some incredible stuff. And it's on par with the private sector on all those measures. But technology [has been] terrible. And for me, given that our campaigns both in 2008 and 2012 were built on being at the very cutting edge of social media and technology and empowering people and speed and nimbleness, to see how lumbering this thing was, that was pretty distressing.

So I started working fairly quickly to say, This wasn't good enough, how do we make it better? We started putting more emphasis on technology and IT in each department. But I'll be honest with you. With all the crises we were dealing with—the economy collapsing, the auto industry on the verge of collapse, winding down wars—this did not get the kind of laser-focused attention until Healthcare.gov, which was a well-documented disaster, but ended up anyways being the catalyst for us saying, "Okay, we have to completely revamp how we do things." The results there were so outstanding, and because we discovered that there are folks at Google and Facebook and Twitter and all these amazing firms who really wanted to find some way to engage in public service—and many of them could afford to do so because they had done very well. . . .

To go back to your original question, if we are able through the U.S. digital team to recruit a baseline of talent and create a pipeline—on a regular basis, top technology folks are cycling in for a one- or two-year stint,



President Obama, with *Fast Company* editor-in-chief Robert Safian

making a difference and improving the lives of veterans or improving our education system, or just making sure that social security network is operating efficiently. And if we build that culture of service, then, what I do believe will happen is the government as a whole will start thinking about its relationship to citizens differently.

And that can be transformative—not only in terms of people getting better service or government being more efficient, but in changing people's attitudes about government.

So the stakes here are making the government more competent, more efficient, more impactful?

Absolutely. Well, look, here's what we know historically: That societies where there is no effective functioning government don't do very well. Societies where government is all-consuming and quashes the private sector, they don't do very well either. What you want is a partnership between a robust market-based system where people are innovating, and it's dynamic, and things are moving fast, but you also want a government that makes sure roads are built and schools are teaching the next generation what they need to know and are willing to invest in things like basic research that serve as the foundation for private sector success and discovery . . . and has enough basic rules of the road so they aren't spilling a bunch of sludge into the water, and the air is breathable. And, you know, our private sector thrives because we historically have had a very effective government. Now, over the last several years that has become more ossified and stuck. And it hasn't kept pace with changes in technology. And part of what we're doing here is to yank government—upgrade it, patch it, and ultimately transform it so that it is responsive and can interface with this new private sector in a much more effective way.

"WHAT WE'RE DOING HERE IS TO YANK GOVERNMENT—UPGRADE IT, PATCH IT, AND ULTIMATELY TRANSFORM IT."

Are there things you have learned from having these technologists around?

Well, it's probably not as much of a culture clash for me, for the reason I mentioned earlier: Our campaign was built around these guys. We were some of the first users of Facebook, MySpace. I had a bunch of 23- and 25-year-olds, tinkering around, and the next thing you knew they had created some new application and they'd explain to me how it was working and why it was that eight people in Idaho without any staff or direction had suddenly organized a 15,000-person meeting. Right? And I started paying attention.

And so I was pretty familiar with—and pretty comfortable with—working with our tech folks. I think where they're having more of an impact is in their interactions with the agencies, and the IT teams at the VA, or at HUD, or some of these huge organizations that contain a lot of excellent people but have been so stifled sometimes by this rule, or this statute, or this traditional approach to how we do something. And so, part of the reason why we've been successful so far is I have essentially provided air cover for these teams because I can call up the secretary of transportation, or HUD, or the Small Business Administration, and say, "I want this to happen. And I don't want us to find a reason not to do it just because it hasn't been done before. And I want us to bring together a team to be as creative as possible."

And by loosening up some of those constraints, our team then can come in and, I think, be really successful. So that's been more than anything the adjustment. I think there are some things we're going to have to institutionalize to take full advantage of some of those changes in culture. And probably the best example is how we have, *(Continued on page 91)*

to build a website because it was a big, important website. But compare that to Twitter, which took three rounds of funding before it got to about the same number of users as Healthcare.gov—8 million to 10 million users. In those three rounds of funding, the whole thing added up to about $60 million." Dickerson believes that the Healthcare.gov project could have been done with a similar size budget. But there wasn't anyone to insist that the now-well-established Silicon Valley practice of building "agile" software—rolling out a digital product in stages; testing it; improving it; and repeating the process for continuous improvement—would be vastly superior to (and much, much cheaper than) a patchwork of contractors building out a complete and monolithic website. In his *Fast Company* interview, President Obama remarks that he made a significant mistake in thinking that government could use traditional methods to build something—Healthcare.gov—that had never been built before. "When you're dealing with IT and software and program design," the president explains, "it's a creative process that can't be treated the same way as a bulk purchase of pencils."

Which is not to say that replacing Washington's culture with that of Silicon Valley should be the goal. Some hybrid of tech people who can innovate with patience rather than aggression may be more effective. Dickerson notes that government tech contractors, even the most skillful ones, face the arduous challenge of trying to repair an aging digital system without compromising any essential services. The method for issuing Social Security checks, for instance, relies upon old mainframe servers running on the dying COBOL computer language. "That's fine, and it's lasted them a long time," Dickerson says. But the people who can maintain and operate that generation of technology are not going to live forever; indeed, many of them are past retirement age already. In this case, the West Coast mentality could be counterproductive. "There's an attitude in the entrepreneurial private sector where we don't care what came before us: We're going to disrupt it," Dickerson explains. "But we are not going to disrupt Social Security. That's a big reason why it's so hard to make these changes, because you can't interrupt the flow of operations."

Dickerson adds, "It will not work, and you will not go far, if you come here with a big attitude, saying, 'You people are stupid, get out of the way and we'll show you how it's done.'"

Are there really people like that in the Valley? I ask.

Dickerson laughs. The people he's directing, he says, tend to be the more humble types. And the folks interested in curated meals and big equity packages and uncompromising disruption didn't come east to help him. This is not the place for them anyway, he says. They just wouldn't get it.

We're not choosing these types of people when we recruit, Van Dyck, the USDS deputy, adds. "And they're not choosing us, either."

The White House chief of staff, Denis McDonough, enjoys walking meetings, so one morning he guides me through the corridors of the West Wing and out onto the South Lawn, where we spend 25 minutes doing brisk laps around a circular driveway flanked by green grass and blooming gardens. McDonough points out the Rose Garden and relates a few historical tidbits about the White House grounds. But mostly we talk about the larger goals of the tech insurgency. As he sees it, the web and technology tools "flatten everything" by allowing Americans to engage with government more directly. So the notion that better tech will yield better democratic engagement is to both him and the president an aspirational—and logical—pursuit. But McDonough also believes there will be other immediate benefits. The transparency that technology enables (consider, for instance, how health insurance plans can now be easily compared online) will not only yield tremendous efficiencies. It can allow Americans to have better control over their own decisions—to interact with government in the same glitch-free way we do with iTunes or Amazon. "Why should we be immune?" he says. "Everything else is getting done faster. Why should this institution be different?" McDonough tells me that he admires how the tech insurgents have brought to D.C. their skills and collaborative habits, as well as what he calls a "hunger" for increasing performance. He stops walking and turns to me to say, "They are in an industry that has constantly reinvented itself and become more efficient. And that's because at the heart of that industry is the belief that you're going to get twice as good every two years, and that's held for 50 years."

"EVERYTHING ELSE IS GETTING DONE FASTER," SAYS CHIEF OF STAFF MCDONOUGH. "WHY SHOULD THIS INSTITUTION BE DIFFERENT?"

There is no Moore's Law for government—at least not yet. And another thing that McDonough, Park, and Dickerson must confront is that this government startup will never have the same lean, concentrated focus of a private-sector company. Indeed, the tech insurgency is not even being built all in one place. Dickerson's USDS currently employs 37 people, but it is only one aspect of an endeavor that has grown organically and sprawls all over Washington. It doesn't even have a proper name. Park tends to describe the new tech corps as a "three-layer cake." USDS is the first layer—a group of technologists who strategize about what projects should become government priorities and which people should work on them. The second layer is 18F—a group of 90 technologists and designers who work within the General Services Administration a few blocks away. 18F takes its name from its address (the GSA building is at 18th and F Streets) and has informal ties to USDS, but it is essentially a service agency. The group can take on jobs from anywhere within government that's in need of digital help. Unlike USDS, it doesn't necessarily follow the president's political priorities.

And the third layer? That would be the tech teams, ranging in size from five people to 50, that will be installed within 25 government agencies over the course of the next 18 months. These teams will consult regularly with USDS for guidance and may utilize 18F for its services. The first wave is being led by people like Lisa Gelobter, who was given the hard sell by the president in the Roosevelt Room and who now works in the Department of Education. Matthew Weaver, formerly of Google, leads another group at the Veterans Administration.

The "tech cake" is only a metaphor, of course. And while visiting the different layers of the cake over the course of a week, I began to wonder if it's the wrong one. What the designers of this effort actually want to create is something more dynamic—in effect, a technology ecosystem that long outlasts their stints in government. In that regard, you might consider Washington's tech landscape, as it currently exists, as a kind of brown and barren field. And on that field, consider each agency as having a fenced-in plot of land. The USDS works now as landscape architects—the ones who design what kind of trees and plantings will go in each plot, and who will do the work. The people at 18F function like a nursery and contractors—they'll *(Continued on page 90)*

FC spotlight

IMMERSIVE EXPERIENCES
INNOVATIVE LAUNCHES
EXCLUSIVE ACCESS

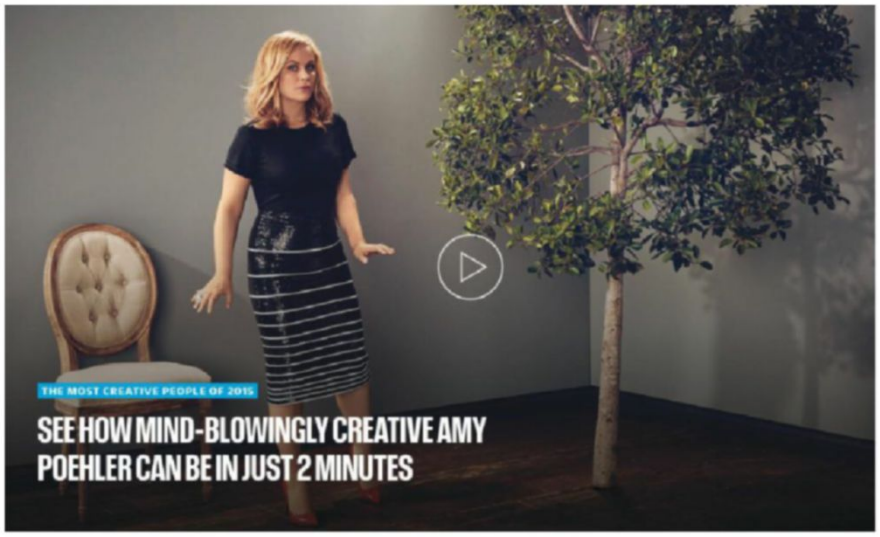
FASTCO STUDIOS

FAST COMPANY'S ALL VIDEO DIGITAL DESTINATION

Surprising stories, emotional journeys, and entertaining detours in the world of innovation—told through video and film.

THIS JUST IN: 2015 Min Award Winner for Best Overall Use of Video

Visit **fastcompany.com/videos**



HOK

CELEBRATING 60 YEARS OF DESIGN + INNOVATION

HOK is a global design, architecture, engineering, and planning firm. Through a network of 24 offices worldwide, HOK provides design excellence and innovation to create places that enrich people's lives and help clients succeed.

Visit **hok.com**



Want to find out more about promotions and events?
Follow us on Twitter or Facebook.

Starbucks CEO Howard Schultz has always tried to do right by his company, his customers, and his country. So why did his Race Together campaign go so wrong?

By Austin Carr

Photographs by João Canziani

Wake-Up Call



"This is not altruistic—this is business," Schultz says of Starbucks s social activism. "You can t create emotional attachment if you stand for nothing."

Howard Schultz doesn't have all the answers.

It's early April, just five days after a police officer fatally shot Walter Scott, an unarmed black man, in South Carolina, and the Starbucks CEO is on stage at Spelman College, the historically black institution of higher learning for women. He's here for a panel discussion with United Negro College Fund chief Michael Lomax and Spelman president Beverly Tatum, author of the best seller *Why Are All the Black Kids Sitting Together in the Cafeteria?* Schultz is seated in an awkwardly large white sofa-chair, fielding tough questions from the crowd, mostly black students who have come to hear this white, 61-year-old billionaire speak about racial inequality.

Not long ago, he might have looked more out of place. But the crowd already knows that the head of the world's largest coffee company is willing to thrust himself into this emotionally charged issue. Only three weeks earlier, he made waves with Starbucks's "Race Together" initiative, an effort to spark a national dialogue about race in response to the killings of Michael Brown and Eric Garner—two other unarmed black men—and subsequent civil unrest. It was a bold idea that backfired. Starbucks had encouraged its baristas to write RACE TOGETHER on the cups of coffee they served and engage customers in conversations. But critics lampooned what came across as a superficial gesture, and the backlash exploded onto social media, where Race Together received 2.5 billion impressions in less than

A History of Putting Their Money Where Their (and Your) Mouth Is

STARBUCKS'S RECENT "RACE TOGETHER" CAMPAIGN MAY HAVE BEEN TONE-DEAF, BUT HOWARD SCHULTZ HAS AN UNDENIABLE RECORD AS DO-GOODER-IN-CHIEF.



Schultz (right) and Dave Olsen sample the wares.

1988

Motivated by an employee dying of AIDS, Howard Schultz persuades Starbucks's board to extend full health benefits to part-time workers.



1991

The company begins contributing to the relief organization CARE, eventually becoming its largest donor.

Starbucks becomes the first privately owned U.S. company to offer a stock option program—called Bean Stock—that includes part-time employees. (From here on, employees are dubbed "partners.")

1997

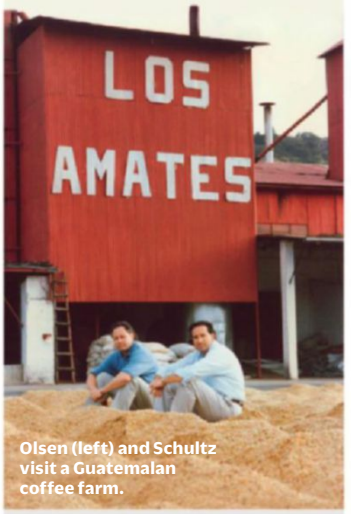
The Starbucks Foundation is established to help local literacy programs.

1999

The company creates a corporate social-responsibility department, with Dave Olsen as its first SVP.

2000

Starbucks starts selling fair-trade certified coffee in the U.S. and



Olsen (left) and Schultz visit a Guatemalan coffee farm.

Canada, helping ensure that farmers are ethically compensated and educated in sustainable practices.

2004

The C.A.F.E. (Coffee and Farmer Equity) program debuts, offering farmers premium prices for their coffee beans if they stick to environmental standards.

2005

Starbucks acquires bottled-water brand Ethos, which donates 5 cents per every U.S. bottle sold to clean-water projects.


Schultz, returning as CEO, hones Starbucks's goals.

2008

Schultz returns as CEO to a struggling Starbucks (he'd stepped away from the role in 2000). Shareholders urge him to cut health care benefits in order to expedite a turnaround. He refuses.

2009

Starbucks partners with Bono's Red campaign to help provide antiretroviral medication to people in Africa with HIV and AIDS.

2011

Schultz urges fellow corporate leaders to cease political contributions until a gridlocked Congress passes a deficit plan. More than 100 CEOs commit, including AOL's Tim Armstrong and J.Crew's Mickey Drexler.


Starbucks's partnership with Bono's Red campaign has raised more than $13 million.

Starbucks launches Create Jobs for USA, a private fund to provide loans to small businesses. Over three years, community developers and partners such as Banana Republic and MasterCard help establish $105 million in small-business loans to create or preserve more than 5,000 jobs.


The Rev. Calvin Butts at the opening of Harlem's Community Store

Starbucks launches a pilot program sharing the profits of two stores—in New York City's Harlem and Crenshaw, in Los Angeles—with their surrounding neighborhoods, contributing nearly $245,000 over a year. Several other "community stores" are later added, most recently in Seoul.

2012

The company supports same-sex marriage in Washington state. Religious groups boycott, and Schultz suggests that dissenting shareholders "sell [their] shares of Starbucks and buy shares in another company. Thank you very much."

2013

Flouting states' open-carry laws, Schultz, having been chastised by gun-control activists, asks customers to stop bringing guns into Starbucks stores.

Starbucks declares it will hire 10,000 military veterans and active-duty spouses over the next five years.

2014

In partnership with the U.S. Conference of Mayors, Starbucks launches the Solutions City program to facilitate discussions between local leaders and citizens in Starbucks stores.

2015

Starbucks unveils the College Achievement program, providing tuition to more than 140,000 full- and part-time employees who attend Arizona State University online.

Starbucks rolls out its unintentionally polarizing Race Together campaign.

A hiring push begins, focused on mostly black and Latino youth, whom Schultz says are "disenfranchised or disconnected." *—J.J. McCorvey*

48 hours—much of it, Schultz complains, driven by a barrage of negative tweets filled with "visceral hate and contempt for the company and for me personally."

Yet Schultz tells the audience he isn't backing down. In fact, this event is his second two-hour forum on race today. Earlier this afternoon, he met with nearly 400 Starbucks employees (called "partners") at the Fox Theatre in Atlanta, which marked his 10th symposium on the subject in the past three months. At that event, the partners greeted him like a hero, snapping selfies and getting autographs before engaging in town hall–style group therapy, filled with tears and soul-searching discussions, employees professing love for what Starbucks and Schultz stand for ("You're the reason I've stayed 14 years") and sharing deeply personal experiences with racism. Schultz, dressed in a black suit, listened and responded in heartfelt ways. When a young black barista broke down while talking about the discrimination she faced in a past job and how working at Starbucks is the first time she's ever not felt "disposable," Schultz leaned forward, held her hand, and gently touched his palm to her cheek to wipe away her tears.

The mood at Spelman is far more subdued. There are no tears, no constant rounds of applause. "This is not an easy thing for me to do, candidly," Schultz says. The students here want real answers—concrete ideas that would address the disparities in this country—not just conversation. When Schultz references an education initiative he recently launched, in which Starbucks will cover tuition for its U.S. employees working more than 20 hours per week who enroll in an online college-degree program from Arizona State University, Tatum asks whether Starbucks considered paying for them to attend traditional, class-based institutions with proven track records and lower attrition rates, like Spelman. "I didn't expect that question," says Schultz, looking genuinely caught off guard.

This is a position Schultz finds himself in frequently these days. By wading into unchartered waters for a CEO, he's often out of his depth. But some dog-paddling is worth it to him as he tries to figure out the answer to a larger question he's increasingly preoccupied with, which he asks at Spelman: "What should the role be for a for-profit, public company in [this] world?" He continues, "Over the last two to three years, we've taken on a number of issues that, for the most part, were absolutely untouchable for a company, let alone for a company as ubiquitous as Starbucks."

Schultz believes corporations have obligations to society beyond what tangibly impacts their bottom lines. And with 22,000 stores and 75 million customers per week, Starbucks can certainly influence public discourse. In an age of the Koch brothers, Hobby Lobby, super PACs, and Washington lobbyists—a time when "corporations are people," as Mitt Romney phrased it—Starbucks wants to make its values felt. The truth is, the role of a corporate leader is evolving. Tim Cook's personal advocacy for gay rights has proven more popular than his company's Apple Watch, and Sheryl Sandberg is more famous for her support of gender equality than for her role at Facebook. "We're at a tipping point where businesses need to step up and take a lead with moral and ethical voices, and call out the things that are harming people and the planet," says Rose Marcario, CEO of Patagonia—a company Schultz admires for seamlessly blending its beliefs into its brand.

Schultz has long championed corporate social impact, but his high-profile push on the issue of race has some from both the business world and the black community wondering whether there's a limit to the growing trend of what's known as "CEO activism." As he plots the future



"We think it's worthwhile to invest" in employees, says Starbucks community officer Blair Taylor, the former CEO of Los Angeles's Urban League.

of Race Together, Schultz faces deep challenges and perhaps even deeper cynicism. He's also creating a blueprint for other CEOs to learn from—even if it's learning what not to do.

"I feel we've been called to do this," Schultz says on stage. "Along the way, there are going to be some mistakes."

When Schultz took over Starbucks in 1987, it was a fledgling empire with just 11 locations, but he already had a higher purpose in mind. Schultz believed that warm and inviting interactions between baristas and customers would make a Starbucks store feel like another home. He believed that investing in his employees—Schultz boasts that Starbucks was the first U.S. company to offer comprehensive health care coverage and stock options to part-time workers—would also yield rewards. Indeed, moves like these have kept employee turnover rates down and morale up—a major hurdle for any company with a low-wage, hourly workforce—which, in turn, has led to happier customers. "This is not altruistic; this is business. Values are a big part of both the balance sheet and the income statements of Starbucks—it's behind the performance," Schultz tells me in late April at Starbucks's Seattle headquarters, over French-pressed Sumatra he's just brewed himself. "You can't attract and retain great people if your sole purpose is to make money, because people, especially young people, want a sense of belonging—to be part of an organization they really believe is doing great work. You can't create that emotional attachment if you stand for nothing."

"Let me put it to you this way: If we didn't get an ROI, these things would be a lot harder to do," says Matt Ryan, Starbucks's chief global strategy officer. The company's recently announced goal of hiring 10,000 military veterans and spouses by 2018, for example, means that Starbucks will be gaining a fleet of largely disciplined, top-notch employees. Its "College

Corporations With a Cause

STARBUCKS ISN'T THE ONLY BIG BRAND TO TAKE A STAND FOR SOMETHING—NOR FEEL THE SCRUTINY THAT COMES ALONG WITH IT.



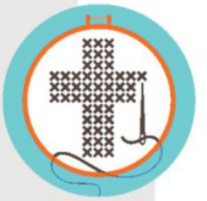
CVS Health

Last year—partly in an effort to polish its health care–focused brand—the pharmacy chain yanked all tobacco products from the shelves of its now 7,800 stores, releasing a report that showed that at least 6% of its customers picking up asthma or COPD medication would buy cigarettes the same week. Caremark, its benefits management arm, announced it would charge a $15 copayment for prescriptions purchased at tobacco-selling pharmacies, bolstering CVS's position and revenues. One month after the tobacco ban, year-over-year quarterly revenue at CVS was up 10%.



H&M

The world's No. 2 clothing company collected more than 7,600 tons of used garments in 2014 for recycling, partly by offering discounts in exchange. It also increased its total use of sustainable cotton from 16% to 21%, and says that by the end of 2015, half of its clothes will come from fully inspected supplier factories; by 2018, it will have a fair living-wage infrastructure in place for some 850,000 textile workers. Still, none of this stopped *Last Week Tonight*'s John Oliver from pointing out how ridiculous it is that a product like cricket food still costs more than a $5 H&M dress.



Hobby Lobby

The family-owned arts-and-crafts chain closes its more than 600 U.S. stores every Sunday, offers churches a 10% discount, and donates exclusively to Christian organizations. But it wasn't until 2012, when Hobby Lobby sued the government over Obamacare—which mandated coverage of the morning-after pill—that it became nationally known for its hard-line convictions. The case led to the landmark U.S. Supreme Court decision *Burwell v. Hobby Lobby,* which offers "closely held" for-profit companies exemption from a law that its owners reject based on religious beliefs.



Patagonia

With a surfer, falconer, and rock climber as its founder, the clothier was destined to be environmentally focused. Since 1985, the B Corporation has donated 1% of its sales to nature preservation and has ensured that none of its down feathers are a by-product of live-plucking or force-feeding (after animal-welfare group Four Paws called its attention to controversial supplier practices). The company has helped protect 420,755 acres of land, and recently invested in Beyond Surface Technologies, which is developing plant-based textile treatments.



Unilever

In 2009, Unilever pledged to double the size of its business while drastically reducing its footprint, and it's making good on its promise. In January, the company announced that its more than 240 factories in 67 countries had eliminated landfill waste. The company might have stretched its do-gooder message, though, when it sued Hampton Creek to "protect consumers" from its vegan Just Mayo product, accusing it of false advertising because, unlike actual mayonnaise (like Hellmann's), it does not contain eggs. —*JM*

Achievement" initiative with ASU, which the company estimates will cost $250 million over the next decade, is another investment in the future. "We think it's worthwhile to invest those dollars," says chief community officer Blair Taylor. "You'll work for us [during those four years]; we believe you'll stay longer because of what we did; and even if you leave the day after you get your degree, we believe you're going to be a lifelong customer of Starbucks. Because we sent you to college!"

Not everyone is buying it, however. "I don't see this as some new trend of wonderful CEOs," says Nelson Lichtenstein, director of the Center for the Study of Work, Labor, and Democracy at the University of California, Santa Barbara. "I see a certain institutionalized arrogance, where CEOs have been given the right to mouth off on whatever they feel like." Schultz argues that his public-oriented endeavors are "not marketing—this is not PR," but the truth is that they're A-grade PR—marketing so camouflaged in genuine, magnanimous intentions that it's hard to tell it apart from philanthropy. Starbucks's efforts recently landed Schultz on the cover of *Time,* touting his presidential aspirations, and a barista on the cover of *The Atlantic,* which teased, "Can Starbucks save the middle class?"

With Race Together, though, there's simply no obvious corporate benefit. If anything, the potential downsides far outweigh any ostensible ROI. (Even Lichtenstein acknowledges there are a lot of "land mines for a white Jewish guy" talking about race.) Matt Ryan, whose team crunched the numbers for its education and veteran initiatives, says that there wasn't even any financial forecasting done in advance.

So where did the idea come from? The seeds can be traced back to December 2014, when the company held a grand opening for its Reserve Roastery, an upscale coffeehouse and tasting room in Seattle's trendy Capitol Hill neighborhood. Schultz couldn't get his mind off the racial protests dominating the national headlines in the wake of the grand jury decision in Ferguson, Missouri, not to indict Darren Wilson, the police officer who killed Michael Brown. "We were by the restrooms, and I don't even know how we got on the conversation of race—we'd been talking about how the Roastery was doing," says Starbucks retail EVP Chris Carr, who is black. "I've spent 30 years in the corporate environment, and there's always been an unwritten policy that you don't talk about politics, religion, and race, but he just started asking me about it, and saying he felt like no one was paying attention to the civil unrest. I told him, 'Howard, frankly, I think it's a crisis.'"

Carr told Schultz about the dinner-table discussions he'd had with his kids regarding Ferguson. ("My daughter told me she feels like my generation let her down, that we'd become too complacent, which is hurtful for a parent to hear.") When Schultz's wife, Sheri, arrived, they decided to delay their post-opening dinner plans to talk

"We made a tactical mistake. So what?" Schultz says of the Race Together rollout. "We're moving forward."

Illustrations by Orka Collective

more. "I remember him saying, 'I don't know what to do, but I have to do something,' " Carr recalls.

That's not to imply this was some mythical origin moment. It was just one of many race-related conversations employees tell me Schultz was engaging them in prior to Race Together. Rodney Hines, who oversees community investments, remembers being out with his mother one weekend and bumping into Schultz. The CEO pulled Hines aside to ask his thoughts on race. "You could tell he'd been stewing on it for a while—he was looking for answers," Hines says. "I remember telling him that with the #BlackLivesMatter movement, this is a young, empowered, and fired-up group of people—not the historic faces of leadership like Jesse Jackson or Al Sharpton."

A few nights later at home, Sheri says, Schultz, who was unable to sleep, told her, "I can't just run this company and not say something, not have an opinion, and not allow others to have an ability to talk about what we're not talking about."

Board member Mellody Hobson recalls Schultz repeating several times during the meeting, "I cannot be a bystander. I cannot be a bystander."

The next morning—December 10—Schultz called communications chief Corey duBrowa and head of partner resources Scott Pitasky into his office and proposed holding a forum on race at Starbucks headquarters. "He said, 'I have this idea, what do you think?' " Pitasky recalls. "I'll admit, I wondered whether it was a good idea or not." It took Schultz, a peerless salesman, about 15 minutes to get his team on the same page. "I said, 'When do you want to do it?' He said at noon. He's like, 'Nancy [Schultz's longtime executive assistant], can we do it at 12?' I think the email invite went out at 11 a.m.," Pitasky says with a smile.

More than 400 people soon gathered on the ninth floor of Starbucks's headquarters, and Schultz kicked things off: "If we just keep going about our business and ringing the Starbucks register every day, then I think we're in a sense part of the problem." The ensuing dialogue was unexpectedly rich and poignant, executives say. By early January, the company had held another partner forum in Oakland, California, followed by events in St. Louis and New York. Numerous employees say they're grateful to Starbucks for putting the forums together. The company, which felt like it was witnessing some real collective healing, believed it was doing the right thing.

In mid-January, the Starbucks board convened in a conference room at a Marriott hotel in Costa Rica, not far from the coffee farm the company purchased in 2013 as part of a billion-dollar commitment to ethically source 100% of its coffee by the end of this year. The forums had continued to go smoothly, partners seemed engaged, and Schultz wanted to do more with the idea—to take full advantage of Starbucks's massive platform and reach.

Schultz and his directors, who include former defense secretary Robert Gates and former presidential candidate Bill Bradley, spent several hours talking about race. The conversation grew candid, and director Mellody Hobson, the president of Ariel Investments and chair of DreamWorks Animation, recalls several people even crying. "It was not your usual board meeting," she says. Schultz said that Starbucks hadn't paid enough attention to the issue of racial inequality; the board agreed but differed over how best to approach the topic more broadly. Some felt that Starbucks should focus first on its own diversity shortcomings. Others wondered whether it was the right time to broach the subject publicly, given how volatile the issue had become in cities across the country. According to Hobson, multiple times during the meeting, Schultz repeated, "I cannot be a bystander. I cannot be a bystander."

Schultz is aware that people might find it hard to understand where this emotional drive and empathy comes from. "I'm not black, I haven't lived a life in which I was racially profiled, and I wasn't discriminated against because of the color of my skin," he tells me. His outlook was shaped by his upbringing in the Bay View projects of Brooklyn—he often says that he always dreamed of building a company that his late father, who struggled financially throughout life, never had the opportunity to work for. "Look, I've known him for a long time, and I'm not bullshitting you when I say there's a part of him that's never forgotten where he came from," says Whole Foods co–CEO Walter Robb. "He feels a deep sense of responsibility to create a better country with more opportunity." At Schultz's 60th birthday party, after a series of glowing toasts to the man who seemed to have it all, Robb recalls Schultz standing up and saying, " 'I just want to tell you guys, I'm still working things through, I don't have [life] figured out.' The humility and sincerity with which he said it—he's really just trying to find his way like all of us."

Since diving headlong into the issue of race, Schultz has been on an educational journey ("the burden of proof is on me to establish legitimacy," he says), and he often cites anecdotes he's internalized from the forums, such as the white barista who grew up with family members in the KKK, or the black mother who makes sure her son isn't wearing bright colors before he leaves for school. Schultz has met with clergy members and police chiefs. Recently, he had dinner with the newly elected CEO of JCPenney, Marvin Ellison, who confided how, while teaching his teenage son to drive, he had to train him to keep his hands glued to the steering wheel in case a white cop pulled him over.

Schultz shared his insights with the board, and the directors ended the meeting in agreement that Starbucks should pursue a broader initiative. Hobson says that they didn't spend time discussing how it would look for a white billionaire to front a national dialogue on race, focusing instead on how to scale up what worked so effectively in the partner forums. They did foresee some challenges. "We went into this with our eyes open. I said to Howard, very clearly, that this will not be like [baristas] writing COME TOGETHER [on cups] when there was a government shutdown in Washington—this will be more challenging, and has much more nuance," Hobson explains. "I kept saying to him, 'It's one thing to be in a forum with partners self-selected to show up, and who not only trust you, but revere you. So what happens when conversations are not so controlled, and no one is facilitating? Could it lead to unintended consequences that we haven't even thought of?' " Starbucks's leadership, recalls retail EVP Chris Carr, raised a few questions as well. "We had conversations about whether [the rollout] shouldn't occur during peak periods because that's not when customers would want to engage in dialogue," Carr says. "We even had some conversations about whether it would be appropriate to [release the campaign] in certain parts of the country where [race issues] could be much more volatile than in many other places."

On March 15, Race Together, as it was now officially known, went live with a full-page ad in *The New York Times*. An internal memo educated baristas about the campaign, encouraging them to write RACE TOGETHER on cups to start building awareness for an accompanying stats-filled *USA Today* insert (which wouldn't be released until later that week). The memo instructed baristas to "engage [customers] in conversation," *(Continued on page 92)*

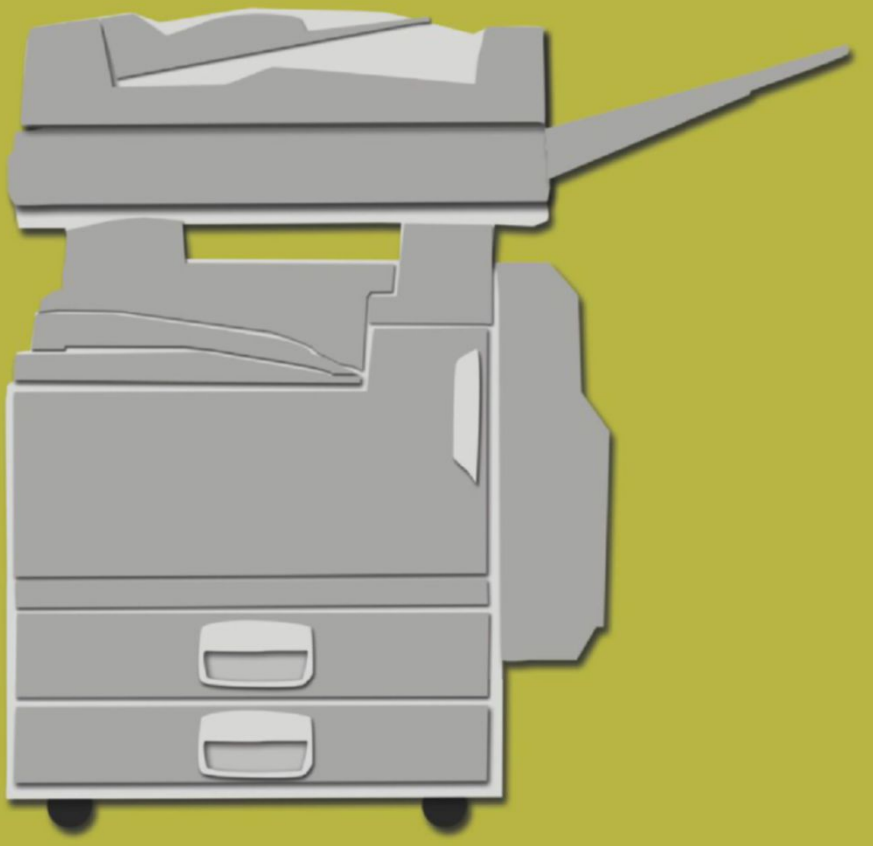
Saving People Money Since 1936

... that's before there were photocopiers.

GEICO has been serving up great car insurance and fantastic customer service for more than 75 years. Get a quote and see how much you could save today.

geico.com | 1-800-947-AUTO | Local office

GEICO®



Some discounts, coverages, payment plans and features are not available in all states or all GEICO companies. GEICO is a registered service mark of Government Employees Insurance Company, Washington, D.C. 20076; a Berkshire Hathaway Inc. subsidiary. © 2015 GEICO


YUM!
BURGERS!
TASTY!
SHACK!

AMERICA SHACKS UP



How Shake Shack has customers (and many investors) salivating for its burgers and unique brand of hospitality.

By Rob Brunner
Photographs by Grant Cornett

Illustrations by Peter Oumanski



Shake Shack founder Danny Meyer sports a burger-eating grin, thanks to the growth and popularity of his fast-casual restaurants.

"I BET NO CEO OF A COMPANY HAS SAID THIS TO HIS TEAM."

Shake Shack leader Randy Garutti tells a roomful of employees. "I want to challenge you to put us out of business."

It's less than 30 minutes before the 11 a.m. grand opening of what will be the 66th Shake Shack—a gleaming, multimillion-dollar outpost located in a Victorian brownstone on Newbury Street, in Boston's gold coast shopping district. The assembled workers sit riveted, but this last-minute dare is probably not what they were expecting.

Garutti, the company's CEO, has been up since 3 a.m. He came to Boston on a late-arriving early-morning Amtrak train, and he plans to hit three other Boston-area Shacks before heading home to New York. It has already been a long day. Is he having some kind of stress-induced, Howard Beale–style meltdown? Well, no. He's just passing along a bit of the wisdom that has made his company one of the hottest restaurant businesses in the country.

Shake Shack has been inspiring excitement since it opened in New York's Madison Square Park 11 years ago. Created by revered New York restaurateur Danny Meyer, it has since grown from a humble burger stand into a global chain with 41 U.S. outlets and 27 overseas franchises in cities such as Moscow, Dubai, Istanbul, and London. Fans line up for its signature ShackBurgers (flavor-packed beef patties served on squishy Martin's potato rolls and wrapped in nostalgia-triggering wax paper), hot dogs (Chicago-style or with beer-marinated shallots and cheese sauce), concretes (frozen custard blended with artisanal local ingredients; each Shack has its own unique creations), and house beer (ShackMeister ale, made by Brooklyn Brewery). The company went public in January, raising $112 million in an IPO that valued it at around $1.6 billion. At the time Shake Shack announced its impressive first-quarter earnings in May, its stock price had more than tripled.

That IPO was the highest-profile moment yet for what's known as the "better burger" category: fast-casual restaurants that crank up the quality on the old hamburger-and-fries concept, targeting savvy diners who care more about how their food tastes and, crucially, where it comes from. Better-burger successes include Five Guys (over $1.3 billion in revenue last year from more than 1,200 locations), Smashburger ($270 million), and Habit Burger ($175 million), which also went public recently. Although these chains are still small—last year they brought in just $2.7 billion out of the $76.9 billion generated by hamburger restaurants in the U.S. overall—they're having an outsize influence on the burger business, which remains by far America's largest dining-out category. Shake Shack's approach in particular—sourcing high-quality natural ingredients, cooking food to order, and placing a major emphasis on the happiness of its customers and employees—both reflects

and is driving real change in the marketplace.

Garutti's prelaunch pep talk outlines the key elements of his company's style of radical hospitality. He urges his workers to trust customers and try to be on their side—to always make the "charitable assumption" when dealing with people and to look out for each other as much as possible. And then there's that thing about bankrupting the company.

"What do I mean by that?" asks Garutti, who's dressed CEO casual in a gray blazer and dark blue jeans. "Put us out of business because you are so damn generous with what you give the people who walk in this door. If there's a kid crying, who's going to walk over with a free cup of custard? I challenge you to put us out of business with how generous you are. Go do it. Give away free stuff." This is not merely about the occasional gratis dessert: It's part of a larger effort to empower employees to do whatever it takes to make customers feel loved.

It's now just a few minutes before 11, and the Newbury Street team, clad in Shake Shack's unadorned black uniforms, start taking their stations: cash, bun, grill, prep, custard. Napkin holders: filled. Ketchup cups: stacked. Entryway: Swiffered. "This is a crazy day, man," says Garutti, a once avid skier and surfer who occasionally drops words like *dude* into casual conversation. "Crazy day. But we're good, we're good." Then suddenly it's time, and actual customers are eager to order. As cashiers ready their registers and a grill cook prepares to slap patties onto the kitchen's Miraclean cooking surface, it's clear—from the thoughtfully designed space, carefully sourced food, and palpable high spirits of the staff—that nothing here is like what you've ever experienced at a fast-food burger establishment.

A manager stands at the head of the room, giving everything a last nervous look-over. "Front of house, are we ready?" she yells.

"Woo-hoo!" comes the reply.

"Back of house, are we ready?"

"Yeah!" everyone yells.

"Okay," she says. "Let's do it."

Wandering through a Shake Shack with Garutti, you come to appreciate how much care goes into every detail, seemingly in service of a single question: How do you bring a high-end dining experience to fast food?

Shacks are built to feel more modern and grown-up than the cartoony, red-and-yellow-decorated junk-food joints that hawk value meals and 40-ounce sodas. You see it in the quiet color scheme (green and black); the slick graphic design (the brand's clean, modern signage and logo were created by Pentagram's Paula Scher); the room layout (an open kitchen up front rather than hidden in the back); and the way each outlet is localized to some degree (the Newbury Street store's reclaimed-wood walls are made out of materials from an old Boys & Girls Club in nearby Watertown).

Garutti makes the rounds at Newbury Street with Zach Koff, Shake Shack's VP of operations, and Mike Iaia, a regional director of operations, showcasing his obsessive attention to detail. He points to an empty spot on a wall: "Mike, we need a TV there, dude," he says. "That's *the* focal point." Koff and Iaia make a note for later, even though they aren't sure it will be logistically possible. Still, Garutti is right: Once you notice it, the space is begging for decoration. "Randy's really good at walking in and understanding what will create energy," Koff says. Later, Garutti still can't let it go. "You've *gotta* do a TV there," he says, walking past the space again. At another Boston-area Shack, he zeros in on an errant condiment splotch. "A ketchup stain pisses me

BIRTH OF A BETTER-BURGER JUGGERNAUT

SHAKE SHACK'S RISE CONNECTS WITH AMERICANS' LOVE OF BURGERS AND THEIR AFFINITY FOR AFFORDABLE LUXURY.

America Loves Hamburgers

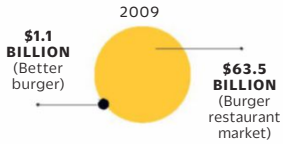


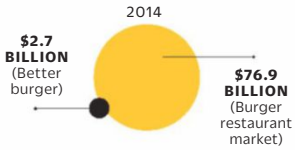
Size of the U.S. burger market in 2014, the largest in the restaurant industry and more than double the number-two, pizza.

28 Number of burgers each American ordered at restaurants in 2014. That's 9 billion total.

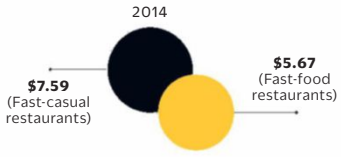
52.8 Percentage of all restaurant menus that include a hamburger.

Better Burgers Sell Better



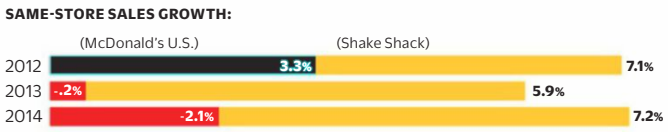


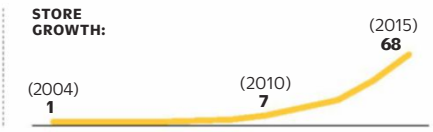
Average check amount



Shake Shack Is Shaking Up the Market

$112 Millions Shake Shack raised in its 2015 IPO. That's $150 for each burger it sold in 2014.





Sources: Technomic, NPD, Company filings

off to no end," he says. "There are a million little things that we can do better."

At the center of Shake Shack's mission is Danny Meyer's philosophy of "enlightened hospitality." In essence, it's a set of priorities: the idea is to create a welcoming atmosphere first for employees, next for customers, and then for the outside community, suppliers, and, finally, investors. The notion echoes Johnson & Johnson's 1943 mission statement, which espoused the same priorities and was at the time a groundbreaking corporate credo that led to decades of earnings and dividends growth.

Since opening the Union Square Cafe in New York in 1985, Meyer has perfected a brand of relaxed but highly polished service. Still, applying that concept to a spot that offers cheese fries in cardboard boxes rather than $120 tasting menus is a big leap. "Business, like life, is about how you make people feel," Meyer writes in his 2006 book, *Setting the Table*. "It's that simple, and it's that hard." Shake Shack has taken advantage of the burger industry's traditional emphasis on speed over customer care. "You go to a fast-food restaurant, your expectation is generally low," says Garutti. "You are almost always dreading what's going to happen. So, cool, thank you for creating such a low bar for us. We're going to go way above that. We're going to make it so that everybody who walks out is saying, 'I can't believe what that guy did at Shake Shack!' "

As the principle of enlightened hospitality dictates, it starts with employees. Entry-level Shake Shack workers make $10 an hour in New York and $9.50 everywhere else, which is better than minimum wage but short of the $15 an hour that activists are pursuing for the fast-food industry. The real financial incentives are designed for employees who stick around. The company has created a profit-sharing program called Shack Bucks that can, Garutti says, add as much as $2 an hour to paychecks. And every full-time employee was given the chance to purchase stock in the IPO. "We believe we're going to pay the market rate to get a great employee," Garutti says, "and then our job is to promote that person and show them how they can make a lot more money if they choose to be a leader." Many of Shake Shack's executives have been groomed from within, and it's not uncommon for hourly employees to get bumped up to manager, general manager, and beyond.

Opportunity, then, is a big part of the pitch to new workers: Be excellent, be genuine, be friendly and eager and human, and you might have a real future with this company. "We're not going to program you to be some kind of Shake Shack robot," Garutti says. "That's not to say that we don't give you the guardrails. We have boundaries and we're very serious about what they are. If you go outside of those, you can't be here. But within those, there's a lot of freedom to create and lead in the way that you want."

> "The younger generation is not all of a sudden going to say, 'I want *less* quality food,' " says CEO Randy Garutti. "No way."

Later, at a Shack in suburban Chestnut Hill, Garutti shows how this works in practice. After ordering lunch (two hot dogs, cheese fries, two frozen custard concoctions), he sits down with a manager for a check-in. Garutti is keen to have Shake Shacks feel as



CEO Garutti left one of the best gigs in fine dining to build the Shake Shack business.

FAST-CASUAL CONCEPT BINGO

WITH SHAKE SHACK'S SUCCESS, CELEBRITY CHEFS WANT TO CREATE THE NEXT FAST-CASUAL HIT. IT'S BEEN EASY FOR THEM TO TALK THE TALK, BUT CREATING A WINNER WILL BE HARDER THAN IT LOOKS.

Current players:



1. Chef: José Andrés
Concept: Beef-steak (2015), veggie-and-grain bowls
Locations: 1 in Washington, D.C., with another planned





2. Chefs: Roy Choi and Daniel Patterson
Concept: LocoL (2014), chef-made fast food for chain-saturated inner cities
Locations: 2 planned for 2015, in Watts in L.A. and San Francisco's Tenderloin



3. Chef: Joshua Skenes
Concept: Fat Noodle (2014), hand-pulled noodle shop
Locations: 1 in San Francisco



4. Chef: Chris Jaeckle
Concept: Uma Temakeria (2014), Brazilian-Japanese cone-shaped hand rolls
Locations: 1 in New York



5. Chef: David Chang
Concept: Fuku (2015), creative fried chicken
Locations: 1 in New York



6. Chef: Kevin Gillespie
Concept: Revival (2015), Southern "meat-and-three" (side dishes) family dining
Locations: 1 in Atlanta

B	I	N	G	O
FRIED CHICKEN ⑤⑥	SLICK INTRO VIDEO ①②	CHANGING HOW AMERICANS EAT ①②③⑤	MEALS AROUND $10 ①②③④⑤	FINE-DINING MIND-SET ①②③④⑤⑥
MICHELIN STARS ②③④⑤	ROLL YOUR OWN ①③④⑤	ORDERING APPS ⑤	HAND-PULLED NOODLES ③	BRAINY CONFERENCE LAUNCH ②⑤
FOOD CHEFS LIKE ①②③⑤⑥	LOCAL ①②	FREE!	*TOP CHEF* ALUM ①②⑤⑥	FOOD-BLOG DARLING ①②③④⑤⑥
SEASONAL ①②④	BURGERS ②	MINIMALIST DESIGN ①③④	SAUCE/TOPPING OVERKILL ①③④⑥	CONE-SHAPED SUSHI ROLLS ④
FEEL-GOOD FOOD ①②	HOMESTYLE ①⑥	CHIPOTLE-STYLE LINE ①②③④	FOOD IN A BOWL ①③	FIXING OUR BROKEN FOOD SYSTEM ①②

Nancy Kaszerman/Corbis (André's); Alex J. Berliner/AP Images (Choi); Venturelli/Getty Images (Patterson); Mark Leet (Skenes); Aaron Davidson/Getty Images (Jaeckle); John Sciulli/Getty Images (Chang); David Zuchnik/Getty Images (Gillespie)

Illustrations by Peter Oumanski

lively on the outside as they are inside. He's been experimenting with Ping-Pong tables and bocce courts at some locations in an effort to connect with surrounding communities and encourage customers to hang out. Should they install an outdoor foosball table here? he wonders. The manager has a different idea. How about a Shack-sponsored music series? "I have access to a lot of bands," she says, noting that she used to play in one. "If we had interesting, hipper bands that were akin to what we're doing here, this could be more of a summertime scene."

"Done," Garutti says. "All right, we're off. Thank you for your leadership."

Danny Meyer's sixth-floor office looks west across New York's Union Square Park, the busy downtown crossroads that gave his first restaurant its name. Afternoon light spreads over an expansive bookshelf next to his desk as he pours water from a glass pitcher etched with the name of his company, Union Square Hospitality Group, which operates beloved New York institutions such as Gramercy Tavern and The Modern. Taking a sip, he shows off a framed photo of the 2004 opening of the first Shake Shack, an outdoor kiosk located a quick walk uptown in Madison Square Park.

"It's really cool to know that there isn't pressure to just make money," Garutti says. "If we build this brand right, we're all going to benefit."

Shake Shack's headquarters occupy the floor right below this one, and though the thoughtful, soft-spoken Meyer is no longer involved with the burger chain's day-to-day operations, he remains chairman of the board and continues to help steer its overall strategy. Meyer is also the guy who dreamed up the concept back in the early 2000s, when neither he nor anyone else imagined that a little concession stand in the park would ever be more than a fun, one-off novelty.

It started with an urban-revival project. In the 1990s, Madison Square Park had fallen into disuse, and Meyer—who was planning to open a pair of restaurants on the park—was at the center of an effort to turn it around, helping to lead a group called the Madison Square Park Conservancy. One initiative involved hosting sculpture exhibits, and when an artist wanted to incorporate a working hot-dog cart into his installation, Meyer volunteered. "I figured, what if we could use something as mundane as a hot-dog cart to prove that enlightened hospitality doesn't only work in white-tablecloth restaurants?" he says. "This is where the whole vision starts: that the park be beautiful, safe, and used." Meyer hired off-season coat-check workers from his restaurants to operate the place and donated a percentage of any profits to the park.

Though it lost money, the stand attracted crowds, and Meyer decided to bring it back for the next two summers. When New York's parks department approved a full-time food kiosk in the park, he was the clear choice to run it. "I was obviously not thinking about an ongoing business," he says. "It was *never* our vision that it would turn into more than one Shake Shack. I was thinking about what it could do for the park."

Meyer sketched out a quick menu based on places he loved growing up in St. Louis: Fitz's Root Beer, Steak 'n Shake, Ted Drewes Frozen Custard. (That handwritten list of offerings, which is remarkably similar to Shake Shack's current menu, now hangs on the wall of Garutti's office.) The kiosk opened on June 12, 2004, offering a high-gloss take on burgers, hot dogs, and milkshakes with a focus on quality ingredients and extraordinary service. It was an instant local phenomenon, and soon Shake Shack, as it had been named, was as famous for its epic lines as for its food.

Over the next few years the crowds kept coming, undaunted by wait times that could stretch to an hour or longer. (A few years ago, the company installed a "Shack Cam" so people could monitor the line via the web.) But Meyer—who had waited nine years to open his second high-end restaurant—resisted the obvious next step. "People were saying, 'You're crazy not to build another one of these things,' " he recalls. Eventually he relented, figuring another location might help alleviate the crowds in Madison Square. But he was busy with his restaurant empire and didn't have time to steer the hamburger expansion.

One day, Meyer asked Garutti, then head of operations for the entire Union Square Hospitality Group, to chat. Garutti quickly realized that Meyer was asking if he'd walk away from one of the restaurant world's plummier positions to open a neighborhood fast-food joint. The Cornell University School of Hotel Administration graduate says that "it took about 10 seconds."

It was a real gamble. "Is it just the park that made this thing what it is?" Garutti remembers thinking. "Is it just a fluke?" That second Shack—which opened across the street from the American Museum of Natural History in October 2008—would become the template for the entire chain: the design, how the kitchen operated, even the kind of music they played in the dining room. "We really thought about every part of that one restaurant," says Shake Shack culinary director Mark Rosati, who left a job cooking at Gramercy Tavern to become one of the original managers of the Upper West Side location. (Seven years later, that Shack's entire management team remains with the company.) "We literally changed the place 100 times until we had that perfect vibe. In fine dining, you really are trained to think about all those details."

Shack 2 was a fast hit. "The first year it did as much as Madison Square Park," says Garutti. "We said, 'Oh, my God, we've got something special here.' That's the moment where we said, 'Okay, let's start to build a company.' "

From there, things moved fast. The New York Mets asked to include a Shake Shack in their new ballpark, Citi Field, which opened in 2009 (Shake Shack now has seven such stands in airports, train stations, and sports venues). The following year, the company opened two additional Shacks in New York and the first outside the city, in Miami Beach. When a Kuwaiti developer approached the company about licensing the brand for a string of restaurants in the Middle East, Shake Shack went global. Suddenly, Garutti found himself at the helm of a serious, fast-expanding business.

In one important respect, though, that second outpost was a failure. "It was almost as if excitement over the second Shake Shack kindled even more interest in the first," Meyer says. "The line got longer."

The gleaming metal heart of the whole Shake Shack operation lies behind a pair of swinging red doors inside an immaculately clean, 35,000-square-foot facility not far from the Lincoln Tunnel in northern New Jersey. This is the headquarters of Pat LaFrieda Meat Purveyors, New York's premier wholesale vendor of fine-dining beef. When Shake Shack started, Meyer and Garutti tapped LaFrieda to create a blend specifically tailored to their unusual cooking method, which involves *(Continued on page 94)*


WHO THE @!#$&%£?@!#$&%£?@!#$&%£?@!#$&%£?@!#$&%£?@!#$&%£?@!#$&%£?
£?@!#$&%£?@!#$&%£?@!#$&%£?@!#$&%£?@!#$&%£?@!#$&%£?@!#$&%£?@!#$&%£?@!#$&
$&%£?@!#$&%£?@!#$&%£?@!#$&%£?@!#$&%£?@!#$&%£?@!#$&%£?@!#$&%£?@!#$&%£?@
?@!#$&%£?@!#$&%£?@!#$&%£?@!#$&%£?@!#$&%£?@!#$&%£?@!#$&%£?@!#$&%£?@!#$&



T-Mobile CEO John Legere is the profanity-spewing shock jock of corporate America. Is this the future of leadership?

By Danielle Sacks
Photo illustration by Jeff Lysgaard





Crazy love
Legere takes a selfie with an eager fan (right); employees cheer him on during an expletive-laden speech (below).

"THE FUCKERS HATE YOU."
"I CAN'T WAIT TO WATCH THE PECKERS SCREAM AND CRY."
"I'M BOMBING THEIR FACTORIES."

ACTION-MOVIE VILLAINS SPIT THIS KIND OF VENOM. COMEDY WRITERS HURL SIMILARLY FOUL TIRADES AT ONE ANOTHER. AND AS THE SONY EMAIL HACK REVEALED, BUSINESS EXECUTIVES CAN SPEAK THIS WAY TOO. IN PRIVATE.¶ BUT IN THE OPEN, CEOs—PARTICULARLY THOSE RUNNING MULTIBILLION-DOLLAR, PUBLICLY TRADED COMPANIES—PRESENT A SOOTHING STREAM OF BROMIDES,









Amped up
Legere's wired persona, on stage and up close, is an invaluable asset for T-Mobile.

buzzwords, and nonanswers. All except John Legere, the man responsible for those quotes. At a downtown Manhattan loft this past March, the club music thumps as a crowd of telecom analysts and press wait expectantly for the CEO of T-Mobile to spew his gutter talk. He does not disappoint. Legere, 57, takes the stage at "Un-carrier 9.0," the latest in a series of T-Mobile news events, wearing a black leather jacket over a black T-shirt emblazoned with a hot pink *T* on the chest. On his feet: hot pink skater sneakers. With his wave of shoulder-length brown hair and mild paunch protruding from what was once an athletic physique, Legere looks like he might have been a member of Kiss rather than a lifelong telecom executive. Once he starts talking, he becomes the anthropomorphized embodiment of the tall can of Red Bull in his left hand.

He launches his opening salvo: "It's safe to say that our friends in the cozy little duopoly have been shitting themselves more in the past two years than in history." Legere is going straight at T-Mobile's much larger competitors, AT&T and Verizon. "Dumb and dumber," or "the pricks," as Legere usually refers to them, watched T-Mobile win 8.3 million new customers last year alone. A smile oozes from his asymmetrical mouth. "Yes, that's in the first minute that I swore," he flirts with the crowd. He knows they'll be tweeting his feistiest lines. In fact, he's counting on it. "Those of you with the f-bomb pool will have to wait a little bit longer," he quips. (If you had bet that he'd drop one within the first four minutes, you won.)

This performance—to announce new terms for T-Mobile's business customers—would get most CEOs fired or sued, especially in the buttoned-up telecom industry. Legere, though, gets an ovation when he takes the stage and another when he's done.

Amid the applause, questions hover: Who the @#$% is John Legere? Why is he presenting himself as an amalgam of faith healer, social media stuntman, professional trash-talker, and drunken boardwalk pitchman? Is he a marketing genius? A bullshit artist? Or both? He has certainly anointed himself the Dr. House of telecom, jamming a syringe full of adrenaline into the heart of the wireless business. As one industry journalist, Dan O'Shea, tells me, "This guy is being treated like he just popped out of a spaceship from nowhere, but everybody has a history."

Perhaps the most important question is, Why have Legere's antics worked? Since he first recast T-Mobile as the underdog anti-carrier in the spring of 2013, it has come back from near death. In addition to customer growth, revenues increased 13% year over year in the first quarter of 2015 (though the company continues to lose money), and it is now on par with the incumbent No. 3, Sprint. Virtually every time T-Mobile unleashes a new "un-carrier" move—abolishing contracts and international roaming fees; giving away streaming music; handing out unlimited upgrades for new iPhones; offering to pay off customers' AT&T contracts if they switch—"the pricks" do their best to match it. Legere is singlehandedly dragging the industry into a new era. Even Verizon's acquisition of AOL can be seen, in part, as a reaction to T-Mobile's rising profile.

Camouflaged beneath Legere's profane shtick and age-inappropriate wardrobe is the germ of an alternative, thoroughly modern model for corporate leadership. A generation ago, if a customer knew of a CEO, it was because he projected an avuncular gravitas on TV that helped to sell Chrysler cars or chocolate Frostys. The public today, inherently skeptical and weaned on social media bluntness, no longer trusts a canned talking head. Both customers

FOLLOW THE LEADERS The most popular CEOs on Twitter combine company pride with varying degrees of their personality.








	TRAVIS KALANICK	MARISSA MAYER	JOHN LEGERE	ELON MUSK	JACK DORSEY	RICHARD BRANSON
CEO	CEO, Uber **@TravisK**	CEO, Yahoo **@MarissaMayer**	CEO, T-Mobile **@JohnLegere**	CEO, Tesla Motors, SpaceX **@ElonMusk**	CEO, Square; cofounder, Twitter **@Jack**	Founder, Virgin Group **@RichardBranson**
FOLLOWERS	79.3K	990K	1.38M	2.12M	2.98M	5.62M
JOINED	October 27, 2007	November 20, 2008	May 1, 2013	June 2, 2009	March 21, 2006	August 13, 2007
TWEETS	5.9K	1.2K	11.8K	1.2K	16.6K	8.1K
PERSONA	The boastful retweeter	Brand evangelist	Customer's trash-talking best friend	Musk-splainin'	The mood-board oversharer	The tips dispenser (with selfies)
MOST ACTIVE TIME	Wednesday, 6 p.m.	When Yahoo has an announcement	Thursday, 11 a.m.	Wednesday, 9 p.m.	Thursday, 11 a.m.	Wednesday, 9 a.m.
AVERAGE TWEETS PER DAY	4.2	2.3	19.8	2.5	5.5	5
ESSENCE IN A TWEET	[Retweeting @bramk] "Driver I had just now makes $60K from his day job and another $40K driving for Uber on the side"	".@Yahoo acquires @BrightRoll! http://yahoo.tumblr.com/post/102392414764/yahoo-to-acquire-brightroll . . ."	[Tweeted during the Super Bowl] "Half-assed commercial, half-assed data speeds. #typical @sprint. #SprintLikeHell"	"Flying car pros: travel in 3D fast. Cons: risk of car falling on head much greater, noisy, grounded in bad weather"	"Amazing moon tonight"	"Want to improve your pitching style? Here are my tips: http://virg.in/ti0Om"
FAVORITES	173	31	33.3K	144	6.3K	1

Sources: tweetchup.com/#/profiles, foller.me/, twittercounter.com; all times local

Opening spread: Steve Sands/Getty Images. Previous spread, clockwise from left: Ted S. Warren/AP Photo; Eduardo Munoz/Corbis; John Minchillo/AP Photo; Jason DeCrow/AP Photo; Ted S. Warren/AP Photo

and employees expect more, a CEO in the maelstrom just like them. Authenticity of the sort Legere projects is what moves merchandise. Even if it's just an act.

Legere seems to go out of his way to convince people he's a lunatic. In the middle of my interview with T-Mobile's straightlaced COO and CTO together at the company's Bellevue, Washington, headquarters, Legere—as if jacked up on jelly beans—pulls up to the conference room on his custom-designed Segway, which flaunts magenta-rimmed wheels (or "mangenta," as T-Mobile's all-male executive team refers to the brand's electric shade of fuchsia). Later, while I talk with another company executive, Legere pops his head into the office, and with a mangenta-hued bullhorn, reenacts the kind of attention-seeking antics that got him thrown out of Catholic school in the small Massachusetts mill town where he grew up, the middle of five kids. "This is taking way too long!" he blasts, banging impatiently on the horn's button.

When I finally reach his corner office, Legere shows off the paraphernalia that comes with being a CEO-slash-performance artist. He props his feet on his desk, giving me a close-up look at his hot pink Converse high-tops embossed with T-MOBILE CEO on the side. His feet rest next to a Legere doll, a 10-inch replica of himself that's been mass-produced and has its own smack-talking Twitter feed. (@LegereDoll has 2,589 followers to @JohnLegere's 1.3 million.)

This is not what T-Mobile's conservative German owner Deutsche Telekom was buying when it hired Legere in September 2012. Legere was a suit, a Brooks Brothers catalog model with a slicked-back Gordon Gekko 'do. He had been CEO of fiber-optic networking company Global Crossing—an even bigger dog than T-Mobile when he took it over in 2001. Legere had to declare bankruptcy within months of his appointment and submit to being grilled in congressional hearings. Yet he dug the company out of the mess he inherited, and it was acquired for $3 billion in 2011.

Despite his chops as a turnaround expert, when Legere became CEO of T-Mobile the following year, he felt vulnerable. Most of his career had been in telecom, but wireless was a specialty that he now admits he didn't understand. His doubt evaporated only after he spent evenings during his first few months on the job listening in on T-Mobile's customer service calls, a visceral window into the public's angst. "None of the [technology] mattered," he tells me, his hand now anchored to a jumbo-size iced coffee, black. "There was this plethora of hatred for this industry and this never-ending list of things people wanted to change. They didn't want to know what I don't know. They don't care!"

Legere has spent his life defining himself against an opponent. A star runner in high school, he says he keeps tabs on his alma mater and still holds "most of the [running] records." He rattles off the name of the guy who was the youngest officer in AT&T history until Legere took the crown. (Yes, Legere worked for one of "the pricks" for nearly two decades.) When Legere talks about competition—one of his favorite topics—much of the thrill appears to be in inflicting pain. "Winning is fun," he says, "but when somebody else can lose, it's even funner."

> When Legere talks about competition, much of the thrill appears to be in inflicting pain. "Winning is fun," he says, "but when somebody else can lose, it's even funner."

The wireless business, where you can only grow by poaching customers from your rivals, turned out to be tailor-made for Legere. "Declare victory, designate an enemy. Attack that enemy," he grins. "The bigger the enemy, the better."

Legere's official debut came four months into his tenure, at the annual Consumer Electronics Show in Las Vegas in January 2013. He had already started to loosen up his wardrobe now that his customers were millennials and not milquetoast CIOs. "Open coat, nice collared shirt" is how Legere's longtime friend David Carey, T-Mobile's EVP for corporate services, describes Legere's first steps toward finding the clothes that would make the man. "It was very Silicon Valley–like," he says.

But Legere began to worry he still looked like too much of a suit. "We were up in the suite," Carey says, recalling the night before T-Mobile's press event at CES, "and he said, 'What should I wear?' And I said, 'I don't know, look at me. What the hell are you asking me for?' " The two fiftysomething dudes bantered for a bit, until Carey suggested "this cool hipster kind of sport coat that he had just gotten." Legere was receptive but still flummoxed. "What shirt?" he asked. Carey told him, "I'm not a fashion guy, but I think you're supposed to wear one of those T-shirt kinda things to get that cool look going."

Legere came up with a twist. *What if it was a magenta T-shirt with a giant* T *on it?* Vegas, baby, Vegas. They had the T-shirt made overnight.

When he showed up at the Venetian hotel the next day for his first public introduction to the technology industry as T-Mobile's new CEO, Legere had accessorized the hip sport-coat-over-a-T-shirt look with a dangling silver chain and a chunky white plastic watch. He donned a New York Yankees cap in a nod to a partnership with Major League Baseball.

Legere had a script, but something about his sartorial transformation encouraged him to scrap it. He had all those frustrations coursing through him from listening to those customer service calls, so he channeled that. "My head exploded," Legere says now, "and I just went on a rant about the wireless industry *(Continued on page 95)*

Illustrations by Bo Lundberg

Obama and His Geeks

(Continued from page 66)

provide the healthiest trees and do the plantings, either on their own or via someone they trust. They'll even teach you how to be a good gardener. Meanwhile, the tech teams at agencies like Education and Veterans will take what USDS and 18F advise to make their plot flourish.

The overarching goal here is to get everything to grow together—very tall, very fast, inevitably joining up into a forest canopy so as to create a functional and interconnected system.

"If we're trying to build new services that serve the public good, then the mechanism by which we do that is by combined services talking to each and getting you what you want," says DJ Patil, another Silicon Valley recruit of Park's, who works closely with USDS and serves as U.S. chief data officer. Plus, he adds, "If we combine systems, what kind of cool, amazing things will we find? What happens when we bring together climate data with health information—can we understand how the changing environment is impacting our health?"

If it's still too early to say whether this technology ecosystem will flourish, it is nonetheless true that the tech surge has moved beyond its conceptual stages. Various teams are now engaged in rolling out projects. One day in Washington I spend the afternoon at 18F, a large, bright, open space, where teams of two or three work at white tables. The group has 15 contracted projects under way. "Our two primary areas are delivery and consulting," says Hillary Hartley, who leads 18F. Delivery, she explains, "is where we would build the thing for an agency—the website, the service, the online transaction, whatever." That's what most of the teams in front of us are up to. "Consulting is where we're helping the client do some of the design thinking, or problem scoping," so they can figure out what to buy from a vendor.

We sit down with a team trying to revamp the Peace Corps website, then we walk over to chat with another team that recently created a user-friendly analytics web page, analytics.usa.gov, that tracks which government websites are trending (a National Weather Service page usually tops the list). The goal here is to reveal how U.S. citizens use government websites, and to spark healthy competition among agencies to create more popular services. In keeping with the tech corps' guiding principles, everything is open source, so outsiders are free to adapt the program. And they do: A few weeks after the analytics website went live, Philadelphia used the program for its own analytics website, which the 18F team considered a measure of success. Thanks to their open-source code, they had improved government without doing any extra work.

We visit another team at a nearby table. At this point, probably the most important work at 18F, done in conjunction with USDS, involves overhauling the Immigration Services website. 18F is helping to redesign the site to drastically improve the user experience—for instance, by simplifying searches to aid those whose facility with English may be limited. Meanwhile, USDS is laboring deep beneath the surface. One of the initial goals is to rebuild the technology for a form known as the I-90. It's how legal immigrants whose green cards are lost or stolen apply for a replacement, and the current process—paper-based and slow—can take as long as eight months. In creating a digital tracking form and a better online application, the designers think they can reduce the time to a fraction of that.

And that's only one bureaucratic improvement at one agency. There are dozens of other forms on the Immigration Services website alone, which hints at the scale for improvement. "This is a $75 billion technology market," Andrew McMahon, a cofounder of 18F along with Hartley, says of the annual government IT budget. "So if you wonder, How far can we reach? Well, I think it's kind of limitless." Hartley, for her part, notes that 18F couldn't actually capture all of that IT work. "Our underlying goal is to make better clients, and to make the agencies understand a new way of doing things," she says. "We're never going to be big enough to take on the $75 billion market. But we will be big enough to help people out there make better decisions on how to build, or buy, their digital services."

The paradox here is that when the tech teams succeed with a project like the I-90 form, or with any retooled government website, users likely won't think much about it. It will be fast and intuitive. It will not crash when you use it. And you will then get on with your life. When I ask Dickerson what USDS's biggest win has been since its start, he points to the open-enrollment season for Healthcare.gov, which went smoothly this year as compared to last year's debacle. "That's a big accomplishment," he says, "but we don't have any coverage of it because there's nothing to say. The train wreck didn't happen. We're proud of that."

The biggest problem with assessing tech startups is that most of them sound pretty good at the start. And even if you know the odds going in—that by some estimates, nine out of 10 will fail within a few years—it doesn't necessarily dim the shine of a new idea. Without question, a tech startup of 100-plus people, backed by the president and working deep within government, differs from a startup involving three guys in a Palo Alto crash pad cluttered with fast-food wrappers. As Park perceives the government mission: "This may be more like what some large corporations have done to basically disrupt themselves." Still, if you were a VC trying to game out the odds of success here, you might go through the risk factors facing the U.S. Digital Service, 18F, and the tech teams now growing within various agencies. As a risky and ambitious startup, how do they measure up?

First, there's what we might think of as "talent risk"—as they scale, are these the right people for the right job? Tech managers like Dickerson and Weaver already proved their mettle during the Healthcare.gov rescue, and the folks now being lured to D.C. by Park's team are arguably among the industry's best. They are screened not only for IQ, but for EQ (that is, emotional intelligence). So they seem to pass that test. And that means we might next consider the risks of the tech corps' resources: Do they have the wherewithal and organizational structure to make this take root within government?

There are a number of reasons, some highly technical, to think the corps have a reasonable chance. One should never underestimate the difficulty of getting Washington to move forward quickly—or logically. What's more, budgets can always be vulnerable to political fights in congress. But the architects of the USDS—especially Park, Dickerson, and Van Dyck—made sure that their bureau was ensconced within the Office of Management and Budget, which gives the techies muscle within various agencies and an ability to influence various IT budgets and lines of command. What's more, with the solid backing of the president and his chief of staff, the USDS has enough of what Dickerson calls "hard power" to fix important problems around town. Quite simply, the president can (and does) ask his cabinet secretaries to take seriously any USDS overtures to work on projects within their agencies.

What about the market risk? Will there be enough business in D.C. for the tech teams? If you've ever been on, say, the U.S. Department of Education's site, it's a question that answers itself. Van Dyck tells me "there are now lines around the block" to tap the USDS's services. McDonough, the chief of staff, says, "Those guys"—the USDS—"went over to brief the secretary of defense and he said, 'I'm sold. Give me 10 teams.'" The techies' market demand is further buttressed by a lack of competition. The USDS is helping agencies find the best contractors, not competing with contractors or agencies. So, arguably, they pass this test too.

An unresolvable risk nevertheless hangs over the whole endeavor: the risk of running out of time. Many of those working with USDS talk about getting to "escape velocity," which means getting the speed and momentum necessary, much like a rocket at liftoff, before Obama's second term ends. "We have 630 more days," Dickerson tells me in late April. "We have booster rockets for those 630 days to get us into orbit. If [USDS] achieves a stable orbit in that time, then it will be here for a generation, or maybe longer." And what if the next U.S. president has a different agenda? In a number of conversations, I came away with the impression that improving government technology is less politically

fraught, and less partisan, than other Obama initiatives—yet it still might be the case that a future administration dismantles what Dickerson and Park are building, or even eliminates the office of chief technology officer. "I don't personally worry about it a ton," Dickerson says with a shrug. "Because the things we set out for ourselves just for the next two years—I mean, if we accomplish just those things, it will be worth all the effort, even if it all goes up in smoke just after."

The people at USDS and 18F don't seem to doubt that they'll have an impact. Indeed, they believe it is obvious already. By constantly testing their software with users, they can gauge improvements in real time. Some of those upgrades may seem minor now, but they should, in time and in sum, add up to something significant—and perhaps something very big. Even if you never go onto the improved Veterans or Immigration websites, you may soon find that, say, the Federal Student Loan pages (a forthcoming project of Dickerson's) are improved so that better information and clearer navigation increases participation and reduces defaults. And it doesn't seem to matter, in this case or others, that USDS teams as small as five or 10 people will be working inside agencies that are much larger than Google, Apple, or even General Motors. As the Healthcare.gov rescue effort demonstrated—or, indeed, any successful startup in Silicon Valley can prove—a very small number of tech people can have a disproportionate effect.

There is another side to the impact question as well: What about the effects on the recruits themselves? In terms of looking for meaningful work, the tech industry may not be what it was; one running joke on HBO's *Silicon Valley* is that everyone has been led to believe that they're changing the world with their app or algorithm, even when they obviously aren't. Meanwhile, at the actual Silicon Valley companies that have genuinely changed global culture and business—Google, Apple, Facebook, Twitter—there may be a different dynamic. As those companies grow ever larger, the contributions of individual engineers may seem proportionately ever smaller. At least so far, these factors have created a pool of top-tier candidates open to taking on other kinds of work with depth and import. And the point for Obama is not to sell these candidates on a career in government, but rather to enlist them in a stint of a year or two at USDS, or even a few months. For decades, accomplished lawyers and economists have worked in the capital between private-sector jobs, so why not technologists? "What I think this does," says Megan Smith, the current U.S. chief technology officer, who spent much of her career at Google, "is really provide a third option. In addition to joining a friend's startup or a big company, there's now Washington."

This idea appeals greatly to the president—in fact, it was built into the USDS design from the start. "I'm having personal conversations with folks, meeting with them, or groups of them, and pitching them," Obama says. "And my pitch is that the tech community is more creative, more innovative, more collaborative and open to new ideas than any sector on earth. But sometimes what's missing is purpose. To what end are we doing this?" As the president explains, he asks potential recruits, "Is there a way for us to harness this incredible set of tools you're developing for more than just cooler games or a quicker way for my teenage daughters to send pictures to each other?" For the time being, at least, there seems to be. HBO might want to consider an on-location shoot.

gertner@fastcompany.com

Obama Interview

(Continued from page 65)

in the federal government, purchased IT generally. Part of the problem with Healthcare.gov was not that we didn't have a lot of hardworking people paying attention to it, but traditionally the way you purchase IT services, software, and programs is by using the same procurement rules and specification rules that were created in the 1930s. . . . What we know is, the best designs and best programs are iterative: You start out with "What do you want to accomplish?" The team starts brainstorming and thinking about it, and ultimately you come up with something and you test it. And that's not how we did Healthcare.gov.

It's something, by the way, I should have caught, I should have anticipated: That you couldn't use traditional procurement mechanisms in order to build something that had never been built before and was pretty complicated. So part of what we're going to have to do is just change culture, change administrative habits, and get everybody thinking in a different way.

Arguably the next killer app for tech would be online voting. That's a state and local issue, but I wondered whether you think that it's something that should be a priority for technologists?

Absolutely. So we've been talking about the U.S. digital team, and a lot of this is: How do we deliver services better to customers? But there are other aspects of this process that we are trying to develop. We want technology to help shape policy. Think about our big data projects. We know that in the same way that the National Weather Service or the development of GPS and satellites created entire new ways that people organized their lives, that in health care, for example, there are going to be transformations taking place because of the ability to collect and analyze data and then transmit it in very individualized fashion to people.

And so in our policy making, we're trying to make sure that insights and knowledge coming out of tech are informing how we think about regulations, how we think about opportunities to solve big challenges. But there is a third part of this. And that is: How do people engage and relate to their government? You know, our constitutional design is remarkable; it has lasted for many years. But it's no secret that many people feel alienated and distant from government. And I think the opportunities for us to think about how tech can empower citizens and make them feel ownership for their government is really important.

Some of it is as simple as giving people quick, easy access to information about how taxpayer money is spent, or improving transparency, or being able to navigate a site easily. But eventually, what we should also be thinking about is, How can technology enhance the experience of democracy? How can we make it easier to vote? How can we make it easier for like-minded citizens to petition their government in a way that is meaningful? And so, a lot of what we're doing now, I believe, is just scratching the surface of potential. And I look at my daughters, who are, as every teenage kid is today, completely fluent in technology and social media. They might not go to a town hall meeting physically, the way their grandmother might have around some issue, and sit through a two-hour debate. Because they're just used to things moving faster. But we can imagine creating a corollary process for them that is consistent with how they interact generally. We can think of apps that promote engagement and the power of people.

Their expectations are different, and how they build communities are different. They might be less geographically based. So that's stuff that we're spending a lot of time thinking about as well. And this is not something that I believe will be done in two years, by the end of my term. The most important thing we're doing is building a pipeline, a set of traditions, in which really smart folks from the private sector can come in, and hopefully a tradition whereby the president recognizes what a powerful tool that is and is providing them the space to do their thing. When I'm out of government, I'll continue to be working on promoting social change and building platforms and engines for social change, and I think the experiences I've had here will enhance that. But this is something that all of us in every level of public life should be thinking about. Because ultimately our goal is—or should be—to make "we the people" mean something in a 21st-century context. And I think this is part of that process.

Starbucks

(Continued from page 74)

and offered three bullet points for possible sentiments to convey, including, "Our company feels responsible to do our part as the country faces ongoing racial tension."

It didn't take long for #RaceTogether to start trending online. Just 24 hours after the initiative launched in stores nationwide, public affairs VP Vivek Varma told the board—incidentally in another meeting, this time in Seattle—about the negative reaction on Twitter. Varma and the board spent five or 10 minutes discussing the hiccup, but it was too early to fully appreciate the PR disaster looming. No one suggested pulling the campaign; they figured Schultz and Hobson (who is black) could give it more context at the company's annual shareholder meeting the next day. "It was happening in slow motion," Hobson says. "The difference between that Tuesday [when we met] and Wednesday was dramatic."

It kept going. "Honest to God, if you start to engage me in a race conversation before I've had my morning coffee, it will not end well," tweeted *PBS NewsHour* anchor Gwen Ifill that Tuesday afternoon. Communications chief duBrowa, feeling "personally attacked in a cascade of negativity," disabled his Twitter account, which some saw as a symbolic end to the "dialogue" on race. Many also noticed that of the 19 members of Starbucks's own leadership team, just two are black, which fanned the flames. By Sunday, John Oliver was blasting the initiative on his HBO show, joking that "it's pretty clear no one has said no to [Schultz] in 25 years."

Like most Twitter witch hunts, the stake-burning didn't last long, perhaps because so many people wrongly believed Starbucks had decided to cancel Race Together. Starbucks, however, remained committed. "The irony is, we did create a national conversation—not how we intended, but you learn from mistakes," Schultz says. He adds that he feels that the campaign was misconstrued—that Starbucks never envisioned baristas and customers solving the racial divide over caramel macchiatos.

This contradicts what Schultz himself said when introducing the initiative to partners. ("What if we were to write RACE TOGETHER on every Starbucks cup, and that facilitated a conversation between you and our customers? . . . If a customer asks you what this is, try to engage in a discussion.") But there were other, more egregious problems with the rollout. For one, it's a mystery why Starbucks didn't heed its team's own warnings about potential pitfalls; strategy officer Matt Ryan tells me the company did no market research to vet whether Race Together would resonate with the public, a decision both refreshingly authentic and inexplicably naive. Second, the messaging was tone-deaf. The press release, which led with "It began with one voice," all but heralds Schultz as a savior: "As racially charged tragedies unfolded in communities across the country, the chairman and CEO of Starbucks didn't remain a silent bystander." Critics have also lambasted the company for leaning on its low-wage workers for such emotionally taxing labor. While Starbucks says participation was voluntary, it's evident the company didn't think through even the most basic repercussions of this dynamic. (For example, if a store manager or employee chose to opt out of the program, would he or she be perceived as disloyal, or even racist?)

How could Starbucks get something so important so wrong? Chris Carr contends that the company was swept up and "misled" by the success of the partner forums; Starbucks simply assumed that its goodwill would engender public support. Hobson feels there's a greater force at play. "I told Howard this would be hard—that this conversation would get people worked up," she says. "Because the de facto suggestion to white people, I believe, is that they're somehow being called racists. America has a shame about our history around race." (As for John Oliver's comments, she says, "There are plenty of times we've disagreed and said no to [Schultz].")

Schultz has less patience for the Monday morning quarterbacking. "We made a tactical mistake. So what?" he says. "We're moving forward."

If Starbucks wanted to see what an effective campaign for social change looks like, it only needed to wait a week. In late March, Silicon Valley rose up against "religious freedom" legislation in Indiana and Arkansas that many worried would discriminate against the gay community. Salesforce CEO Marc Benioff led a fleet of high-profile technology executives, including Apple CEO Tim Cook and PayPal cofounder Max Levchin, in protesting the bills. (When Schultz witnessed the groundswell, he immediately emailed Benioff, lauding his efforts, but recalls explaining that "given how hot the brand of Starbucks was" from Race Together, he "thought it would be ill-advised for me or Starbucks to stand with [you all], because it would potentially cause [you] problems.") Benioff even threatened to reduce Salesforce's operations in Indiana, where the company is the state's largest technology employer. Soon, the CEOs of Marriott, Walmart, and Gap lent their voices, too, and the states' governors retreated.

To many, it was a perfect display of CEO activism. In leveraging their economic influence, these executives had an unbeatable argument: this legislation is not only morally wrong, it's bad for business. The effort served as a loud juxtaposition to Starbucks's campaign. Whereas Race Together seemed top-down, this demonstration seemed organic and democratic. In Schultz's view, these CEOs "used social media as an advantage to them, converse to our situation." Then there's the larger, more fundamental difference: CEOs seemed willing to speak up about gay rights but not about racial inequality. Sounding upset and acknowledging how he'll "probably regret saying this" since "many of [them] are friends," Schultz reveals during the Atlanta forums weeks later that "I have not heard from one CEO in America, black or white or Hispanic, to say, 'Is there anything I or my company can do to help, assist, or support what you're trying to do as a result of Race Together?' Not one."

When I ask Benioff about Race Together, he simply says that Starbucks had an "execution problem." In contrast to many of Schultz's other social-good initiatives, he says, "Race Together was not well-executed, and he paid a price for that, just as he would if he had launched a product that was not well-executed."

Julian Bond, the longtime civil rights leader and former NAACP chairman, was a strong advocate for the gay community in Arkansas, working with the Human Rights Campaign to condemn the controversial legislation. But he becomes increasingly anguished when we talk about Starbucks, not because of Schultz's missteps—he's proud of the company for taking a stand—but because it solidified to him how little support there is for black issues in general. "My impression is American corporations are generally more eager to stand for gay rights than black rights, and they ought to be equally progressive," he says. "The tech industry is so bad with respect to racial diversity, but that's no excuse. All this is depressing."

Throughout my reporting for this story, I struggled to find business leaders willing to talk candidly about social and civic issues. Race, especially, was a topic no one wanted to touch. It could be that they simply don't know what change they can effect, or whether their voices would even be welcome in the first place.

Asa Hutchinson, the governor of Arkansas who faced a public fight against Walmart CEO Doug McMillon over Hutchinson's support for the state's "religious freedom" measure, feels that companies would be better served by not engaging in social issues at all. "If they start entering into the world of social debate, they're going to have everybody from Greenpeace to the Rainbow Coalition saying, 'We want you to support our initiatives.' Where do you draw the line once you start down that path?" he says.

Levchin, the PayPal cofounder, has dealt with this type of criticism firsthand. In a post entitled "The Discrimination Double Standard," *Re/code* called him out for not addressing Silicon Valley's gender disparities as forcefully as he did homophobia in Indiana and Arkansas. Levchin considers blowback like this inevitable, and recommends "picking your battles and sticking to them," because if you try to anticipate cynicism or charges of hypocrisy you'll ultimately talk yourself out of doing anything. "What if Howard Schultz read all the negative press for [Race Together], and said, 'Fuck it, I'm just never going to start another controversial thing because all I get is flak in the press, while some people think I didn't do enough'?" Levchin says. "I don't think that's how he should feel. He should feel like he tried his best,

and that he can do more when the timing is right."

He might not be able to wait too long. My interview with CVS/pharmacy president Helena Foulkes—who was going to speak about her company's health initiative that removed all tobacco and cigarette products from its stores—had to be postponed at the last minute due to the unrest in Baltimore, where yet another unarmed black man, Freddie Gray, was allegedly killed by police. Two CVS stores were burned down.

As Schultz puts it, we're at an inflection point where racial inequality can no longer can be ignored. He's pushing ahead, with or without the help of his colleagues. "Howard is doing what's needed," says John Wilson, the president of Morehouse, the historically black college for men, who is disheartened to think that business leaders might further avoid the topic of race after Starbucks's PR stumble. "It's so backward, the suggestion that this conversation belongs to some people and doesn't belong to others," he adds. Action on this issue, he believes, will "separate the courageous from the cowards."

On April 23, Starbucks released its second-quarter earnings report and instantly silenced its critics. Revenue and operating income had leapt 18% and 21%, respectively, driving the company's stock to an all-time high. "There was no indication that the move to wade into the complex and divisive issue [of race relations] hurt sales," noted *The Wall Street Journal*. Starbucks had survived what Schultz calls a "firestorm." Also, customers never strayed from the brand. If anything, they embraced it even more. Who can complain with such results?

Schultz constantly reminds me that his obligation "first and foremost is as a fiduciary of our shareholders." At one point, after I keep peppering him with questions about Starbucks's civic goals, he stops me short. "You have to understand, I spend 90% of my day on Starbucks's business—I'm not spending my entire life on the issue of racial inequality, I have a company to run here," he says. "You understand that, don't you?"

Matt Ryan, the chief strategy officer, reveals that the company has been exploring a range of pilot studies to explore specifically how corporate efforts to support issues like race, education, and same-sex marriage yield tangible revenue gains. "We have successfully linked the percent of store partners in a given store who think we're living up to our values to the performance of that store," he says. "We're able to see a very distinct market improvement in the store's comp performance"—that is, same-store sales—"controlling for all other variables, when partners believe we're doing the right thing, values-wise. That's pretty amazing." Ryan won't share specific numbers, but he says it's "material to our business."

There are other promising metrics. Starbucks has found that more than a quarter of the public opinion of its brand is based not on its store experience or its coffee products, but on what customers think of Starbucks as an institution. "A big part of that is how we treat our customers and our own people," Ryan says, highlighting the company's College Achievement plan. "We knew that would move the lever in terms of public love of Starbucks over time." Even Race Together, despite the hubbub, is showing signs of long-term value. According to Starbucks, the campaign drew one of the largest awareness pops the company has ever seen. "Through all the yak yak," Ryan says, "[our customers saw it as], 'Here's a company that's trying to do the right thing.'" (Schultz also says that several CEOs have even called in the past few weeks to learn more about Race Together and ask how they can help.)

Schultz is naturally wary of presenting Starbucks as acting so deliberately, as if data informed its values. "We didn't say, years ago, 'Okay, strategically in 2014, we're going to support post–9/11 veterans, and in 2015, we're going to get involved in racial inequality,'" he says. "I'd like to say there's this master brilliant strategy, and I'm brilliant, but that's not the case. I don't have a short list of issues I'm thinking about at Starbucks, like, Okay, after we deal with Race Together, we're going after . . . I don't have that, honestly."

Still, the positive indicators have given the company a renewed sense of commitment. Starbucks plans to hold more partner forums throughout the summer and release another *USA Today* insert in July. It recently committed to hiring 10,000 "opportunity youth" employees over the next three years, 16- to 24-year-olds who are unemployed and have dropped out of school, a largely ignored demographic. Schultz also announced a plan to open stores in majority-minority neighborhoods such as Ferguson, Missouri, to provide local job opportunities and community centers. A spokesperson for the company says it aims to open stores in 20 such cities by 2018, in partnership with local "women- and minority-owned business," and that newly conceived on-site training programs "will help us model how we develop and hire young people who have faced systemic barriers."

But the company still has some soul-searching to do. When I press Scott Pitasky, the human resources chief, to explain why its leadership team is made up predominantly of white males, he stutters and restarts for a full 13 seconds before saying, "First of all, I'm not sure that all of them [are white], if you look at the diversity." After I push back (13 out of 19 are white men), he stumbles through a vague answer about how the company will improve its diversity, without a quota system, but offers no other solution. It was a weak answer, and Pitasky knows it.

Later that day, when we bump into each other in the hallway at Starbucks headquarters, he stops me and humbly thanks me for giving him a hard time. "Honestly, the tough questions—they're the ones we're asking ourselves," he says.

When I join Schultz in his eighth-floor Seattle office just after his second-quarter earnings call on the morning of April 23, he looks exhausted. Wearing a puffy vest and chewing on a cough drop, he's trying to beat a cold before setting off on a flight to Europe the next day. He's behind his desk when I enter, his Bloomberg Terminal switched on next to a computer screen open to *The New York Times*, but he joins me on a set of gray couches, kicking back below framed photographs of Martin Luther King Jr. and Robert Kennedy.

Schultz had told me that morning that he planned to say something "not generally spoken about on Wall Street conference calls." Grinning, he had said he expected there might be a measure of pushback about Race Together, since some thought it might have negatively impacted the company's business. Like a home-run hitter eyeing a juicy fastball, Schultz had been looking forward to the challenge, and he ordered that I listen carefully to him when I dialed in. Schultz clearly relishes these kinds of opportunities. During Starbucks's 2013 investor meeting, he squared off in person against a shareholder who complained that Schultz's public stance on same-sex marriage was alienating customers and hurting earnings. "I don't know how many things you invest in," Schultz shot back, "but I would suspect not many things, companies, products, investments have returned 38% over the last 12 months [like we did] . . . [this] is not an economic decision to me . . . we're making this decision [for our people] . . . to embrace diversity. If you feel, respectfully, that you can get a higher return than the 38% you got last year, it's a free country. You can sell your shares in Starbucks and buy shares in another company. Thank you very much." Investors in the audience erupted in cheers.

But today, the earnings call came and . . . nothing. Race Together wasn't even mentioned. When I ask him about it in his office, Schultz seems to have forgotten that he had teed anything up for me. "Performance drove the call," he says matter-of-factly. "These are shareholders who are invested in Starbucks because of our financial performance, and we delivered today."

Perhaps this focus is a good thing. Schultz has long been wary of hubris born of success. In his office he keeps a bottle of Mazagran, a disaster of a coffee beverage Starbucks put out in the '90s that reminds Schultz even the most well-intentioned ideas can fail. When I inquire about it, he grabs the bottle from a side table and looks down at it. "It reminds me every day that we're not invincible," he says. "It was my idea, and it was a complete fuck-up."

How will Schultz ensure that Race Together, or, for that matter, Starbucks's other social initiatives, are not big failures too? He knows that Starbucks won't bridge the racial divide on its own, nor end the achievement gap, nor save the planet. A coffee company can only do so much. But he knows that if he pursues these initiatives with the same vigor as he pursues corporate profits, he can sleep at night.

acarr@fastcompany.com

Shake Shack

(Continued from page 83)

caramelizing thin patties on a flat top rather than grilling or broiling them. Much like the Coca-Cola formula, the secret recipe is only known to a handful of Shack executives.

LaFrieda's custom-built patty-shaping machine—there are three of them, with two on reserve in case of malfunction—is roughly the size of a small Zamboni. Meat goes in the top and perfectly formed pucks come out the side, ready to be boxed up and shipped out, unfrozen, to Shacks from D.C. to Boston. The machine cranks out about 80,000 of them every night.

Shake Shack's beef is at the center of its identity, both because of how the burgers taste and because of their pedigree: humanely raised, antibiotic- and hormone-free, ground fresh from full-muscle cuts rather than scraps or what has become known as—shudder—pink slime. "I don't know anyone who's ever taken a patty out of a McDonald's burger and said, 'Wow, this meat is great,' " says LaFrieda, sitting in a lounge area above the warehouse. "You could certainly do that at Shake Shack. We're making beef fresh every night. It's going to the restaurant the next day. There's no better experience that you could possibly have."

Increasingly, a segment of American diners, especially those between the ages of 18 and 34, is looking to spend its dining-out dollars at restaurants that focus on natural ingredients and sustainability. "Whether it's Whole Foods or other companies like [ours], we are creating an expectation of excellence, transparency, sustainability," Garutti says. In keeping with these principles, Shake Shack has worked with its bun supplier to omit genetically modified organisms and has removed corn syrup from its burger sauce and custard. "The younger generation is not all of a sudden going to say, 'I want *less* quality food, I want to know *less* about my food like my parents did,' " says Garutti. "No way." Nowhere is this mandate more imperative than with the meat inside that GMO–free bun. But there's a problem: The supply of humanely raised, drug-free beef remains limited.

Making sure Shake Shack doesn't run out of beef is a big part of Jeff Amoscato's job. As VP of supply chain and menu innovation, he's responsible for sourcing the company's meat—along with its bacon, buns, pickled cherry peppers, and every other ingredient that goes into its offerings. One of his biggest challenges is ensuring the Shacks never encounter the sort of shortages that have plagued Chipotle. Earlier this year, the burrito purveyor stopped selling pork in around a third of its stores after it decided a major supplier wasn't meeting its standards. When Garutti heard about the situation, he asked Amoscato and culinary director Mark Rosati to talk. "He was just like, 'By the way, guys, where are we at with this stuff?' " Rosati says.

Amoscato has developed relationships with both ranchers and large natural-meat processors, such as Kansas-based Creekstone Farms. "I'll get in the truck with their cattle buyer and go around to some of the ranchers," says the former manager of Meyer's restaurant The Modern, who looks like he'd be far more at home sipping rioja than roping steer. "We get to understand what they're doing. We're working to convince more farmers that this is a better way of growing cattle."

Chipotle has more than 1,800 outlets; Shake Shack has fewer than 70. As the company grows, it may face challenges maintaining such a pristine supply. But Garutti feels good about what Shake Shack has accomplished so far, with its forward-looking commitment to purchasing high-quality, antibiotic- and hormone-free animals—often before they're even born. "We say, 'Hey, we'll buy x amount,' " he explains. " 'You raise them the right way, we'll buy them.' It's traveling the country, having contracts in place, and understanding the global beef supply chain to make sure that we're ready for the growth we're going to have." The company also has backup plans in place should something unexpected go wrong with its supply.

Naturally raised meat is still a small percentage of the market, but consumer demand for better beef is having an impact. Amoscato says that he shows ranchers photos of Shake Shack's infamous crowds to drive home how excited customers are for this kind of meat. "Look at this Shake Shack in Madison Square Park," he tells them. "There's a line of people waiting for our burgers. They want that better product."

After leaving the Chestnut Hill Shack, Garutti sits in the back of an Uber car, thumbing through emails on his way to visit another one of his Boston-area outposts. The driver, it turns out, loves Shake Shack. His family waited in line to eat at the first Boston Shack the day it opened in March 2013, and now they're fans. "Every now and then, you're going to give your daughter a burger," Garutti tells him. "Not every day. But when you do, you want to know that it's good. Where are you going to take her?" The driver glances back at him in the rearview mirror. "We're not going to McDonald's," he says. "That's for sure."

That attitude has a lot to do with Shake Shack's success—and illuminates McDonald's recent woes. Its revenues have been slipping in dramatic fashion, with sales down for six straight quarters, including an 11% revenue dip in the first three months of 2015. In March, the company appointed a new CEO, Steve Easterbrook, who has implemented changes that seem directly aimed at the sort of customers who are increasingly turning toward Shake Shack and other fast-casual spots. Less than a week into Easterbrook's tenure, the company announced it would phase out the use of certain antibiotics in its poultry over the next two years. Recently, McDonald's has also been experimenting with a line of larger, pricier, all-sirloin burgers.

But while McDonald's problems get a lot of attention, Shake Shack is far from toppling the company and its $27 billion 2014 revenues any time soon. And other leaders in the quick-serve hamburger category—Burger King, Wendy's, and Sonic—are in much better shape than Mickey D's. "I don't think there's any doubt that fast-casual and the [better-burger] guys have had some impact," says Sonic CEO Clifford Hudson, whose fast-growing company saw a 3.5% increase in same-store sales in fiscal 2014 and plans to open 1,000 new outlets over the next 10 years. "But we've got positive momentum in a way that you might not expect given the competition from them."

With its January IPO, Shake Shack now faces the same intense public scrutiny as those long-established burger barons. Investors are the last constituent in Danny Meyer's enlightened-hospitality hierarchy, but early reactions on Wall Street have been mixed. Though it has beaten earnings estimates for its first two quarters as a public company, some analysts remain skeptical. For a business with a relatively high market cap, it has a small number of locations, modest revenue ($118.5 million in 2014, a 43.7% increase over the previous year), and intense competition from other better-burger chains, fast-casual peers like Chipotle and Panera, and those global down-market behemoths with their Big Macs and Baconators.

Yet Shake Shack says it will hew to its long-held plans to grow slow. This year the company expanded to Baltimore and Austin, and by the end of 2015 there will be additional Shacks in existing markets such as Chicago and Orlando. The first California Shack is scheduled for 2016, in West Hollywood. The goal, for now, is to open 10 a year, with the aim of eventually reaching 450. They'll also continue to license the brand overseas; the first of 10 planned Japanese Shacks will open in Tokyo next year.

In a world where McDonald's boasts more than 14,000 stores in the U.S. alone, those ambitions seem modest. But Meyer and Garutti have seen what happens when outlets expand too fast. "Danny thinks long-term dollars better than anybody," Garutti says. "It's really cool to know that there isn't pressure to just make money, make money, make money. If we build this brand right, we're all going to benefit."

And Shake Shack is having a big impact. "What's exciting is that they are testing a theory that food that is good, that is clean, that is fair can be integrated into a fast-casual template," says Richard McCarthy, executive director of advocacy group Slow Food USA. "Will people spend extra for food that is in line with their values? Is this an esoteric niche or is it something that can break through to everyday people?"

Danny Meyer believes it can break through—

and that it already has. "It takes companies like Shake Shack, like Chipotle, like Whole Foods to make those tougher, more expensive choices," he says. "I want to buy food that makes me feel good to be buying it. I want to do business with companies that make me feel good to be doing business with them. I care about the earth and my family and my own body. We've reached a critical mass where there's just no going back. And I think that's awesome."

It's 3 p.m. when Garutti arrives at his last destination: a brand-new Shack in the Boston suburb of Dedham, which opened to the public the previous day (he missed that launch because he was coaching his son's Little League game). Located in a high-end outdoor mall called Legacy Place, it's a relatively low-key outpost tucked next to a Uniqlo. This is the kind of Shack the company will need to nail as it expands—a casual local spot where people want to hang out, have a ShackBurger and a concrete, and spend time with their friends.

It's the busiest of the locations Garutti has visited on this chilly Monday afternoon in early March, full of teenagers from a nearby high school who are giddily digging into salted-caramel ice cream and hopping from table to table to gossip and laugh. These are some of Shake Shack's most dedicated customers: tech-immersed young people who are here as much for the aura as the cuisine. "You just know when a Shack feels good," says Garutti, looking around approvingly. "This is what you want to feel. When people talk about better burgers or whatever, this generation of kids is going to eat here. Like, kids are going to break up over a milkshake today. That's what Shake Shack is!"

Still, not everything is perfect. While Garutti is debriefing a manager, a couple of high schoolers alert a staffer to a problem, and she immediately shares it with the CEO. "They just tried to Snapchat-tag us," she informs him, "and we're not on it. They were telling me, 'Oh, my God, you have to get this immediately!' " Garutti is not happy. "That's so lame," he says as he pulls out his phone to notify someone back at Shack HQ. "I'll find out what's up. I'm very surprised. We're pretty huge in social media." (Shake Shack has more than 170,000 Instagram followers.)

In the *real* world, though, things seem to be running smoothly. The Dedham staff—which includes veterans from other locations and a number of local high school students—is relaxed and cheerful, and fresh-smashed LaFrieda pucks are sizzling on the Miraclean in waves of eight. "The vibe in here is so strong," Garutti says. Though the place is busy, it isn't the madhouse you might find at a Manhattan Shack, and there is no sign of the sort of snaking line that remains a Shack signature. But just wait. "Get ready," Garutti tells the manager, a knowing smile breaking across his face. "Because this weekend is going to be mental."

rbrunner@fastcompany.com

T-Mobile

(Continued from page 89)

and how I didn't get it." Like a preacher finding his groove, Legere hit upon a recurring bit, what in one conversation he calls his I-just-landed-from-Mars technique and in another the 5-year-old kid questions: Why, why, why? "People hate contracts. Let's not have them! 'You can't,' companies say. Why?"

Previous T-Mobile executives had realized the value in positioning the service—a distant fourth in a four-horse race—as the rule-breaking upstart. But only Legere had the chutzpah to follow through with it. "Most of those signature moves, especially the early ones, are things we explored, that we had in our 'in case of emergency file,' " says one former T-Mobile executive. This person remembers Legere's predecessor saying, "We hate the rules of the industry, but we're tied to them. No one will be crazy enough to do anything about it."

Legere's performance at the Venetian, which alternated between attacking his competitors and presenting himself as the customer's only friend in the business, was viewed as a tour de force as it was taking place. "T-Mobile CEO John Legere is killing it," tweeted one reporter from CNet. "Holy moley John Legere is the UnCarrierCEO," said another from *PC Magazine*. To the outside world, Legere *had* just dropped in from Mars. But for longtime industry observers who remembered Legere the suit, this irreverent channeling of consumer wrath was even more shocking. "It was obvious that he was going to be quite different in this new role," says analyst Jan Dawson, who covered Legere during his time at Global Crossing. "This was John Legere 2.0."

"Can I get a selfie with you, John?"

Legere has shown up at T-Mobile's secluded innovation lab, located in an office park not far from company headquarters, and he is being swarmed by a cavalcade of engineers, all of whom want their picture taken with him. "I feel like a mall Santa!" Legere squeals. He fist-bumps his employees at their desks, and he grants every photo request, hamming it up by hanging rabbit ears over the engineers' heads just before the shutter clicks.

This kind of paparazzi treatment seems absurd, but as with most things Legere, it serves a purpose. "I use this respectfully," Legere begins, a prefatory remark designed to cushion the nonrespectful comment to come. "There's a form of PTSD here." When he first arrived at T-Mobile, the employees he inherited had just lived through a failed acquisition bid by AT&T and morale was low. If Legere was going to turn the company around and change the brand perception, he needed swagger not only on stage, but also in T-Mobile's innovation lab, its call centers, and its retail stores. Now, fueled by a cocktail of endorphin-pumping Flywheel spin classes and caffeine, he glad-hands and mosh-pit dives with any T-Mobiler he can find.

On his way to the company cafeteria for a ham sandwich, he swings into the on-campus T-Mobile store, where a young woman with a French manicure nervously introduces herself as a salesperson from one of the carrier's local shops. Legere, who in college switched his major from phys ed to accounting for the sole purpose of a bigger paycheck, is blunt about what motivates most of his twenty-something clerks. "In the hierarchy of needs, it's pretty clear," he says. "The second they're not making money, you're off the island!" In that spirit, Legere started a stock-ownership program for the company's full-time employees. Working his audience of one, he starts to ask her if she's making bank, but before he can get the words out, he spies her Michael Kors purse, and with perfect comic timing, winks at her and the purse to indicate that he already has the answer to his question. She blushes and smiles, and Legere is off to gab with the next employee.

The most Belieber-esque of the Legere-employee interactions comes when he drops in on a T-Mobile call center. He typically shows up unannounced, decked out in his T-Mobile–branded wardrobe. Birmingham, Alabama; Chattanooga, Tennessee; and Mission, Texas, have all been recent stops on his perpetual tour. At each visit, literally hundreds of call center employees line up to meet him, waving pink boas and Legere dolls, and Legere spends hours posing for selfie after selfie. Poor employee engagement, particularly among millennials, plagues most of corporate America, according to recent studies. That is clearly not the case here.

All of this in-person faith healing doesn't take place in a vacuum. Does a CEO selfie really happen if it's not then shared on social media? Legere broadcasts his every exploit on social media for customers, fans, analysts, and fellow employees to see. It gives T-Mobile workers the sense that their fearless leader is in the trenches with them, even if they're getting paid by the hour and Legere made $29 million in salary, bonuses, and stock in 2013. "John is not the king in the back, standing behind his soldiers," says Andrew Christou, chief creative officer at T-Mobile's ad agency, Publicis Seattle. "He's the first one running with a sword into battle."

Twitter is Legere's Excalibur, and there is no other public-company CEO who uses it quite like he does. In the spring of 2013, one of Legere's two daughters persuaded her middle-aged dad to dip his toe in the platform. ("[His daughters are] the wizards behind the curtain for his coolness factor," says Neil Barua, a former Global Crossing employee, noting the two twentysomethings' obsession with gaming and electronic dance music—both areas T-Mobile has since poured a sizable amount of sponsorship money into.)

It didn't take long for Legere to realize that his potty mouth, willingness to pick fights, and total lack of self-consciousness made him an ideal tweeter. He spent months baiting Sprint

CEO Marcelo Claure until Legere's trashing of Sprint's 2015 Super Bowl ad finally led Claure to respond (he called Legere classless). Legere posted a ridiculous video where he cuts through steel with a pink blowtorch. He replies to every tweet directed at him, and he claims that he has personally written every one of his 11,000-plus tweets, though he does have a social media person trailing him with her Canon—God forbid a moment passes that can't be repurposed for Instagram. Legere does sprinkle in touches of humanity, such as when he honored the passing of his mother last December with a photo of the two of them (of course, Legere had put rabbit ears behind her head). Social media fills in the gaps when the indefatigable Legere can't be in more than one place at one time; it helps him figure out where to point his company next; and it helps create the impression that T-Mobile is much larger than it actually is. In the past two years, Legere has tweeted, on average, almost 20 times a day. That's roughly four times more than Twitter's own creator, Jack Dorsey.

Legere's act works best when he's punching up, aiming for the likes of AT&T and Verizon. At CES in 2014, Legere made news (and a lot of social content) when he tried to crash the parties of his larger rivals for the express purpose of chronicling him getting tossed out on his ear. That said, if you're a social media star with a bad-boy persona, you're bound to find your magenta Jimmy Choo sneakers (another in his collection) over the line on occasion. Last summer, Legere's public dis of "dumb and dumber" as "duopolists that are raping you for every penny you have" created a Twitter firestorm. Legere apologized, but five outraged T-Mobile call center employees still wrote an open letter to their boss for going too far by "using repugnant, sexually violent language for cheap laughs."

When Legere does go for the cheap laughs, such as in his spat with Donald Trump this past spring, he can come off like a CEO with too much time on his hands, a guy who may have had too much to drink, a D-list celeb like the ones he's tussling with, or all of the above. (If you missed that Sunday Twitter fight, Legere complained about street musicians outside his Trump Hotel window; Trump responded by trashing T-Mobile's service and it devolved from there.) Says Legere's friend George Lombardi of his buddy's full-throttle commitment: "It's selflessness and recklessness at the same time."

On Legere's left hand is a silver ring. From a distance it looks like a wedding band, but upon closer inspection, it's a signet ring bearing Batman's chest emblem. Legere's older daughter is doing her second master's thesis on comic art, and she gave her dad the ring as a gift.

He's since co-opted the superhero as part of his persona. Legere's Twitter wallpaper depicts the Dark Knight with his head bowed by the awesome responsibility of the Bat signal shining above Gotham City. (The comic panel has been doused with magenta.) Of course Legere would identify with Batman: He's a regular guy who uses his wits and cool tools to outsmart the villains, a billionaire industrialist by day who's a crusader at night, equal parts outlaw and savior.

Legere, alas, doesn't have a Batmobile, but he does invite me for a drive in his midnight-black Ferrari. "I have a rainy-day one and a good-day one," says Legere, who lives bicoastally, with apartments in Manhattan and Bellevue. What's the difference between the California model and the 458 Spider? I ask. "$70,000," he beams.

We talk about the business, and Legere finally sounds like a competitive executive rather than a goofball showman. He's boastful of transforming T-Mobile into an increasingly annoying gnat for the industry, bending its practices toward customer friendliness. His rivals are now trying to out-un-carrier the Un-carrier. Last December, his team got wind that AT&T was going to unveil a new data-rollover plan, in what would have been a month before T-Mobile's rollout of a near-identical offering. That simply would not do, so within a frantic week Legere pulled together "Un-carrier 8.0: Data Stash," stealing his competitor's thunder. "You take your foot off the gas for a second and they come hard," says Legere, driving through Bellevue's drizzly back roads. "So we keep the front foot on the pedal pretty strong." After all, winning is more fun when someone else is losing.

I ask Legere about the number-one critique of his tactics: What is the long-term viability? Poaching customers the way Legere has can be expensive. But he defends every contract buyout and data offer as rigorously specced out to deliver cash-flow-positive results for the business in a short period of time. As for the idea that he's bankrupting the industry, he falls back on one of his favorite lines, telling me, "That's what they want you to think."

Analysts speculate that at some point T-Mobile's need for cash, perhaps to improve its network, will necessitate an acquisition or partnership, potentially with a rival. If that were to happen, Legere—who just signed another two-year contract (ironic for a guy who routinely says he hates contracts)—insists that he would put himself at the center of that larger company. Of the failed attempt by Sprint's owner to acquire T-Mobile last year, Legere says confidently, "If there had been a transaction, the company would have been called T-Mobile and been run by me."

> "You take your foot off the gas for a second and they come hard," says Legere. "So we keep the front foot on the pedal pretty strong."

Legere drops me off at my hotel and peels away, heading to an Oregon call center, followed by a trip to Los Angeles. I am left to contemplate what would happen to Legere if he were one day not CEO of T-Mobile. "He becomes the organization that he is at," says David Carey, who's worked with Legere for 25 years at AT&T, Global Crossing, and T-Mobile. "He takes on that identity. Deeply." At AT&T, Legere needed to be Michael Douglas in *Wall Street*, so he looked the part. When Global Crossing needed tough love, he reportedly thumped through the company's office with a baseball bat, swinging at people's desks. As his turnaround took hold, Legere finally took full advantage of 14 years of Dale Carnegie courses and used regular CNBC appearances—jocularly cage-fighting with another irascible cartoon, Jim Cramer—to eschew Global Crossing's image as the Enron of networking. "I would use TV so that my employees and customers would hear me saying the same things on TV that I told them," Legere explains. As Carey says of Legere's range, "He can be the most charming, elegant, protocol-oriented date for the Queen of England, or he can be that raucous Las Vegas nightclub act."

The one instance when Legere didn't have a role to play—after he sold Global Crossing and decided to retire—he nosedived into existential aimlessness. Two life changes hit him simultaneously during that period: He got divorced from his second wife, and he now had so much money that he never had to work again. "I had the biggest 'Who are you?' moment," he tells me. He found himself lost in Eckhart Tolle's *The Power of Now*, taking up expensive hobbies, and buying his first Ferrari. "It wasn't a pretty sight," says his friend Lombardi. "He grew his hair long, he was unshaven, not excited about anything. His most important decision was what to have for lunch."

Lombardi recalls going to a cocktail party with Legere during this time. "We started speaking to these two women who asked what we did," he says. "I said, 'I'm a physician,' and they turned to him and he said, 'I'm retired. I manage my own money.' They gave him this long drawn smile, 'loser' registered on their faces, and they walked away."

Earlier in the day I had asked Legere if the T-Mobile nightclub act was simply a role he was playing. He paused, confused by my query. "The question is, When's the right time in your career to flash your independence?" he said. "Because this is far more *me*. I'm clearly at a self-actualized point in my career."

If authenticity is what enables leaders to cut through the noise, bringing everyone along with them, then it seems Legere has backdoored his way into becoming a real-life corporate Caped Crusader. And, at least for now, the Bat signal beckons.

loop@fastcompany.com



These whiteboard walls give you and your team an unlimited blank slate that encourages original ideas and fosters out of the box solutions.



NewLife® ECO-PRO
ANTI-FATIGUE FLOOR MATS
IDEAL MAT FOR STAND-UP DESKS

Premium Comfort for Employees Who Stand

Proven to reduce spinal compression & increase flexibility*



- All-day ergonom[redacted] support
- Eco-friendly Bio-[redacted]
- Energy-return pr[redacted]
- Stain & puncture-[redacted]
- Anti-microbial pr[redacted]
- Non-slip bottom
- Beveled edges
- 5-year warranty
- Made in the USA

NewLifeMats.com | 1.866.435.6287

* Study conducted by Texas A&M University

>>CLASSIFIED

BUSINESS COACHING

BUSINESS COACHING FOR ENTREPRENEURS. Grow your business, increase your income, create a workplace culture designed to bring out the best in your team. **www.TheAccountabilityFactor.com 937-938-0004**.

BUSINESS FINANCING

$50,000 - $250,000 IN UNSECURED credit lines. $50K guaranteed with 720+ FICO, stated income. Perfect for startups, 60-second pre-approval. 1-866-988-SEED (7333). www.BusinessLoan.org

CASH FOR INVOICES! Accounts Receivable Financing to $2,000,000. Direct lender with offices nationwide. Call AeroFund Financial. Approvals by phone. www.aerofund.com 800-747-4234.

BUSINESS OPPORTUNITIES

WANT TO PURCHASE minerals and other oil/gas interests. Send details to: P.O. Box 13557, Denver, CO 80201.

MAKE $200 TO $500 AN HOUR. Making 5-minute calls to your credit card companies, takes 2 minutes to qualify. 5-minute training. www.cash4yourgoodcredit.com 708-717-2398.

I MADE 80% IN SIX MONTHS (verifiable). Details: www.ustbondtrader.com

VENDING FACTORY DIRECT 1960. 800-313-1821. www.vendingpriceline.com Not newbies on web.

$100k+ NEW IDENTITY theft protection product launch. 40+ year old company. www.4minutevideo.us 919-907-1390.

BUSINESS OPPORTUNITIES

BE WEALTHY, HEALTHY! Travel Free For Life! Free report: 206-208-8343. Fax: 206-337-5053.

DYNAMITE OPPORTUNITY, Work from home. Make $100 to $200 an hour, credit related, must be honest and have good credit. No selling no investment, no scam, takes 2 minutes to qualify. 5-minute training, start today. 630-677-1196.

BUSINESSES FOR SALE

PROFITABLE BUSINESSES FOR SALE by Owner. All types, sizes, locations. www.bizsale.com 1-800-617-4204.

BUSINESS SERVICES

Incorporate for as little as $99
Visit www.incorporate.com or call 866-453-3314
THE COMPANY CORPORATION
Save $25 by scanning this code

PLACE YOUR BUSINESS SERVICE AD HERE!

BUSINESS SERVICES

EFFORTLESSLY MONITOR YOUR online reputation and reviews: www.YourProfitWeb.com 1-888-846-7848.

INCORPORATE YOUR BUSINESS! Complete formations all 50 states with 5 Essentials: Formation, Compliance, Taxes, Funding, Profits. Best Value. Since 1997. 1-800-599-7999. www.nvinc.com/inc

CLASSIFIED INFORMATION 727-507-7505

CAPITAL AVAILABLE

UNLIMITED CAPITAL AVAILABLE
US $250K minimum, no maximum. Brokers invited with fees protected. **410-535-3400**. **www.intrepidexecutivegroup.com**

FRANCHISES

FRANCHISE YOUR BUSINESS
30 years experience. National Franchise Associates, Inc. **706-356-5637**.

PROFESSIONAL SERVICES

BOOKKEEPING FOR AS LITTLE AS $99
Outsource your monthly QuickBooks or Xero Accounting to BooXkeeping Corp. 100% USA based. Certified & insured. Call: **1-888-509-0030** or Visit: **www.BooXkeeping.com**

TRAVEL

"EXPEDIA QUOTED $3,365.46" during peak travel season, I paid $799. www.Cheap5StarTravel.com

CLASSIFIED INFORMATION

Reach Fast Company's successful, affluent, educated and influential business leaders through our classified section! These top impact players in business rely on and respond to Fast Company's first-hand insight and actionable ideas to stay on top of their game.

The classified rates are $12.90 per word, with a twelve-word minimum or classified display rates are $895 per column inch. All classified advertising must be prepaid by either check or credit card. Make checks payable to RPI Classifieds. Visa, MasterCard and American Express only. The next available issues are the September issue which closes Wednesday, July 1st and the October issue which closes Monday, August 3rd.

For additional information visit our website at www.rpiclassifieds.com

Fast Company, Classified Dept., PO Box 570, Clearwater, FL 33757
727-507-7505 • FAX 727-507-7506 • info@rpiclassifieds.com

FOR THE MARKETPLACE, PLEASE CONTACT KATYE SMYTH 914.409.4217 OR KATYE@SMYTHMEDIA.COM

Norman ROCKWELL



Idealistic and innocent, Norman Rockwell's iconic masterpieces capture the essence of the American spirit. In this outstanding original oil painting entitled *Excuse Me*, a stylish young woman wisely chooses the World War I serviceman over the dapper gentleman. Through his amazing gift for storytelling, Rockwell created memorable images that brought the American experience to life. Cover of *Judge* magazine, July 1917. Featured in Laurie Norton Moffatt's book *Norman Rockwell: A Definitive Catalogue*, Volume 1, page 32, image C28. Canvas: 28"h x 25"w; Frame: 34"h x 31½"w. #30-2964

M.S. Rau Antiques LLC

Antiques • Fine Art • Jewelry

630 Royal Street, New Orleans • 888-754-0844 • rauantiques.com



Since 1912, M.S. Rau Antiques has specialized in the world's finest art, antiques and jewelry. Visit rauantiques.com

Precision Masterpieces

PATEK PHILIPPE



Patek Philippe T33 Time Tower





Patek Philippe Digital Display Wall Clock (*top*) with its Master Console (*bottom*)

Each piece acquired from M.S. Rau Antiques is backed by our unprecedented 125% guarantee. Visit rauantiques.com

Synonymous with cutting-edge innovation and superior quality, Patek Philippe's incredible electronic clocks rarely appear on the market. Since each time system was crafted on a special commissioned basis for only their most important clients, no two clocks are alike.



(*Top left*) An exceptional precision timepiece, this rare T33 Time Tower by Patek Philippe was used by the German utilities company Energie Baden-Württemberg and was designed to display accurate time in 10 locations and make automatic time adjustments for Daylight Saving Time. Circa 1985. 21 3/8"h. #30-2882

(*Bottom left*) Originally made for Radio Suisse in 1979, this incredible Patek Philippe digital display clock features a wall-mount auxiliary, or "slave", clock created to resemble a traditional analog timepiece. Its master console ensures perfect timekeeping. Display unit: 13 3/4"w x 3 1/4"d x 13 3/4"h; Master unit: 16 3/4"w x 9 1/2"d x 5 1/2"h. #30-2935

(*Above*) This exceptional digital display time system by Patek Philippe was commissioned for the luxury jewelry firm Abou Watfa of Damascus. The separate consoles were used at the Vacheron Constantin and Patek Philippe watch displays in their showroom. Connected to the "master" unit, shown on the bottom, the system is accurate to 1/10th of a second. Circa 1970. 21 3/8"h. #30-2894

View videos of the these digital display clocks at rauantiques.com/patek

M.S. Rau Antiques LLC
Antiques • Fine Art • Jewelry

630 Royal Street, New Orleans • 888-754-0844 • rauantiques.com

15MSRA87-04-121225-1

©2015 Wood-Mode, Inc. 15WDMD-119772-1



OCEANSIDE
BY WOOD-MODE

Where the best views are inside

Now available in the U.S. and Canada. For exclusive video of this lifestyle collection, visit **wood-mode.com/oceanside.**



Wood-Mode®
FINE CUSTOM CABINETRY

BARATUNDE THURSTON



Beware the robot apocalypse?

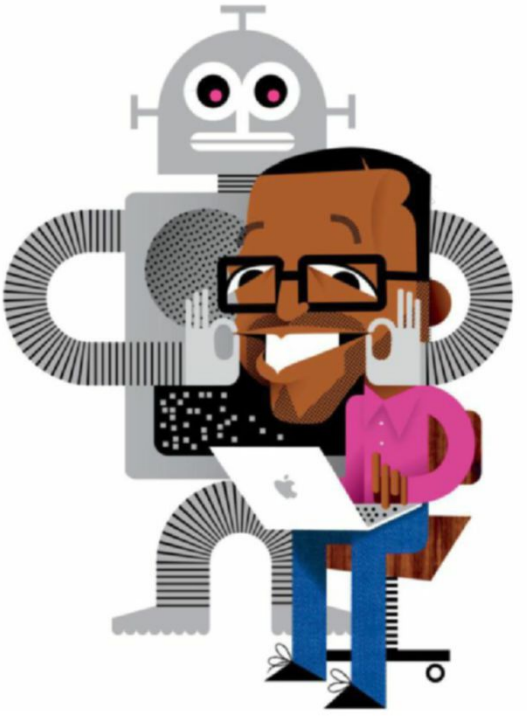
ELON MUSK, STEPHEN HAWKING, AND OTHERS ARE CONCERNED ABOUT THE DANGERS OF ARTIFICIAL INTELLIGENCE. MAYBE THEY SHOULDN'T BE.

The fears of science fiction—robots subjugating humanity, cities destroyed by machine wars, humans made nearly extinct and forced to live underground in some sort of 1990s New York City rave culture—have expanded from the fantasy world of books and films to fact-based conversations at TED and on Twitter and in the blogosphere. The folks now warning of the existential threat posed by artificial intelligence include Bill Gates and Stephen Hawking. Even real-life Iron Man Elon Musk tweeted last year, "We need to be super careful with AI. Potentially more dangerous than nukes." Maybe this is why he's so eager to get to Mars.

It's shocking to hear technology barons, who usually embrace any advancement and reject government intervention, urging caution and suggesting regulation. The worst-case scenarios of AI usually involve the machines becoming increasingly frustrated with us, their creators. They kill us because we are an impediment to the progress we created them to pursue. Or they kill us because we try to turn them off, because they're trying to kill us.

But, really, what are our tech leaders so afraid of?

Is it that in a world where human and machine consciousness were indistinguishable, we could be friends with machines, and those machines could be programmed to sell us stuff? It would be as if your friends today all turned out to be "influencers" whose every utterance was optimized to drive your purchasing decisions. This would be horrifyingly effective advertising, but not genocidal, merely steps beyond following a brand on Instagram.



We already know what happens when nearly everyone on the planet carries a high-definition camera and handheld supercomputer: 86% of us make movies about our pets. Now, imagine billions more conscious beings making cat art in every medium possible. Scary? Yes, but it's hardly a human baby farm.

Perhaps our tech pioneers are afraid of too much logic in our everyday lives. We could have congressional districts that make sense! An AI Congress could be the best thing ever, governing with full information based on the will of the people and not shadowy funders. If that's too much to ask, what if AI could limit the marginal and meaningless choices we make each day: Which route should I take to work? Which of these 20 types of laundry detergent should I buy? What do I say during this moment of small talk that has lasted far too long? Let the AI decide!

With all due respect to the boldface AI worriers, do we need to invent a boogeyman from the future when we've got the present to worry about? Is tomorrow's machine enslavement so much more terrifying than today's vast amounts of child labor, human trafficking, and incarceration? Our current human law enforcement could certainly use some superhuman intelligence to counter the systemic and implicit bias that leads to such disparate levels of arrests, violence, and abuse.

We may be giving the machines and ourselves too much credit. We don't need to imagine a future filled with human suffering at the (liquid metal) hands of supersmart robots. Many are suffering now at the hands of their fellow humans. It's possible that artificial intelligence is the only way forward for a species that seems unconcerned with its own survival. Perhaps with all the time AI would save us, we would focus on the interactions and decisions that truly matter: our friends and family, the welfare of citizens most in need of assistance, and the health of our community.

Baratunde Thurston is the cohost of the About Race *podcast and CEO and cofounder of Cultivated Wit, creators of Comedy Hack Day and other funny things.*

Celine Gouard

Fast Company Issue Number 197. Copyright ©2015 by Mansueto Ventures, LLC. All rights reserved. *Fast Company*® is a registered trademark of Mansueto Ventures, LLC. *Fast Company* (ISSN 1085-9241) is published monthly, except for combined December/January and July/August issues, by Mansueto Ventures, LLC, 7 World Trade Center, New York, NY 10007-2195. Periodical postage paid at New York, NY, and additional mailing offices. Canada Post International Publications Mail Product (Canadian Distribution) Sales Agreement No. 40063884. Canadian GST Registration No. R123245250. Returns: Canada Post, PO Box 867, Markham Station Main, Markham, Ontario L3P 8K8. Postmasters: Send address changes to *Fast Company*, PO Box 2128, Harlan, IA 51593-0317. Subscription rates: One year (10 issues) $23.95, two years (20 issues) $47.90, in the United States. To subscribe to *Fast Company*: Email subscriptions@fastcompany.com or phone 800-542-6029 (U.S.A. and Canada). Printed in the U.S.A.

Illustration by Kirsten Ulve



Ray suffers from *MSTS.*

Manual Sales Tax Syndrome (MSTS) is treatable.
Ask your accountant about AvaTax today.

WARNING:

Some side effects of AvaTax implementation are common and well documented. These include, but are not limited to: greater sense of ease and well-being, significantly reduced risk of penalties and interest in the event of an audit, greater focus on profit-making activities, more free time to enjoy the things you love — including family and friends. If you experience any of these very common side effects, contact your accountant immediately.

Find out if Avalara AvaTax™ is right for you:

www.avalara.com/fast

1-855-562-6875

Avalara
Making sales tax less taxing



WELCOME TO OUR WORLD

BREITLING JET TEAM
AMERICAN TOUR

Performance, audacity, precision: the Breitling Jet Team embodies the entire philosophy of excellence that has made Breitling the privileged partner of aviation. In 2015, the world's largest professional civilian aerobatic display team performing in jets, sets off to conquer America with a major tour featuring a string of stunning shows. To celebrate this event, Breitling has created a limited edition of the Chronomat 44 personalized in the colors of this exceptional team. Welcome to our world.

CHRONOMAT 44
BREITLING JET TEAM
AMERICAN TOUR

BREITLING BOUTIQUE

5 EAST 57TH STREET • NEW YORK
AVENTURA MALL • MIAMI
THE FORUM SHOPS AT CAESARS • LAS VEGAS
THE MALL AT MILLENIA • ORLANDO

BREITLING
1884

INSTRUMENTS FOR PROFESSIONALS™